NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 522 CS #2

SHORT TITLE: Cumberland Transportation Authority

SPONSOR(S):

FISCAL IMPACT

Yes (X) No () No Estimate Available (X)

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

General Fund *No General Fund Impact*

Cumberland RTA *See Assumptions and Methodology*

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Cumberland County, Fayetteville, Hope Mills, and Spring Lake.

EFFECTIVE DATE: When it becomes law.

BILL SUMMARY: The legislation creates a Regional Transportation Authority for Cumberland County, the City of Fayetteville, the Town of Hope Mills, and the Town of Spring Lake. The bill also grants that Authority the powers set out in G.S. 160A.

ASSUMPTIONS AND METHODOLOGY: Because the bill impacts only local governments, there is not General Fund impact.

The bill grants the Authority the powers set out in G.S. 160A. Those powers include the ability to levy an annual vehicle registration tax of up to \$5.00 and a gross receipts tax of up to 5% of vehicle rentals. April 2001 reports from the Division of Motor Vehicles indicate that there are 215,829 vehicles registered in Cumberland County. If the Authority levies the \$5.00 annual tax, it would generate \$1.08 million in the first year. According to Department of Revenue records, growth in this sector has been very strong due to increasing vehicle cost and in migration. However, the combined growth rate is expected to level off at approximately 7%. Assuming growth is divided equally between value and in migration suggests that 3.5% is an appropriate growth rate for the number of cars in Cumberland County. As such, 3.5% is used to grow the rate for out year estimates. Potential revenues from this tax are as follows:

Fiscal Year	Revenues
2001-02	1,079,145
2002-03	1,133,102
2003-04	1,189,757
2004-05	1,249,245
2005-06	1,311,707

A second authority granted under G.S. 160A is the ability to levy a gross receipts tax of up to 5% on rental vehicles. The county estimates that 2000-01 revenue from its 1.5% gross receipts tax on rental vehicles is approximately \$605,000. If the 5% rate is applied the annual revenue is estimated at \$2,016,667.

Should the authority decide to levy both taxes at the maximum rate, the potential revenue stream is as follows:

Fiscal Year	Registration	Gross Receipts	TOTAL
2001-02	1,079,145	2,016,667	3,095,812
2002-03	1,133,102	2,016,667	3,149,769
2003-04	1,189,757	2,016,667	3,206,424
2004-05	1,249,245	2,016,667	3,265,912
2005-06	1,311,707	2,016,667	3,328,374

Because the bill and the related statutes are permissive, no firm fiscal estimate is possible.

TECHNICAL CONSIDERATIONS:

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