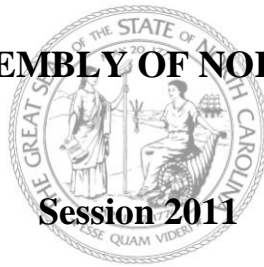


GENERAL ASSEMBLY OF NORTH CAROLINA



FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: June 7, 2011

TO: Representatives Howard, Starnes, and Setzer

FROM: Jonathan Tart
Fiscal Research Division

RE: Proposed Committee Substitute to House Bill 93

FISCAL IMPACT

Yes ()

No (x)

No Estimate Available ()

FY 2011-12

FY 2012-13

FY 2013-14

FY 2014-15

FY 2015-16

REVENUES:

EXPENDITURES:

POSITIONS
(cumulative):

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue

EFFECTIVE DATE: July 1, 2011, and applies to tax liabilities that accrue on or after that date

BILL SUMMARY: The proposed committee substitute establishes procedures concerning the Secretary of Revenue's actions when sales tax is collected in excess of the total amount that should have been collected or that is collected on an exempt or nontaxable sale. The proposal provides that the Secretary may allow a refund to the seller only if the seller gives the purchaser credit for or

a refund of the over-collected tax. If the Secretary of Revenue determines that a seller who over-collected sales tax on a transaction is liable for use tax on the transaction instead of sales tax, the Secretary may allow the seller to elect to apply the over-collected sales tax to the seller's liability for use tax on the transaction. This election does not affect the liability of the seller to the purchaser for the over-collected tax.

ASSUMPTIONS AND METHODOLOGY: There is no fiscal impact because the bill has no effect on the amount of sales and use tax due.

SOURCES OF DATA: Department of Revenue

TECHNICAL CONSIDERATIONS: None