

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1262

SHORT TITLE: Exempt Audiovisual Masters

SPONSOR(S): Senator Patrick Ballentine

FISCAL IMPACT: Expenditures: Increase () Decrease ()
 Revenues: Increase () Decrease (x)
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund (x) Highway Fund () Local Fund ()
 Other Fund ()

BILL SUMMARY: Allows a state and local sales tax exemption for audiovisual master tapes utilized by the motion picture, television, and audio production industries in making visual and audio first-generation images for reproduction.

EFFECTIVE DATE: Sales occurring on or after July 1, 1996

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: The tax is collected by the Department of Revenue.

FISCAL IMPACT

	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00	<u>FY</u> 2000-01
EXPENDITURES					
TOTAL EXPENDITURES					
STATE FUNDS	-\$1.3	-\$1.5	-\$1.6	-\$1.7	-\$1.8
FEDERAL FUNDS					
LOCAL FUNDS	-.65	-.75	-.8	-.85	-.9
OTHER FUNDS					
RECEIPTS/FEEES					

ASSUMPTIONS AND METHODOLOGY: (1) \$35 million of taxable post-production activity in the state (2) 6% annual growth in receipts (based on state economic forecast)

SOURCES OF DATA: Discussions with the Department of Revenue, State Film Office and a major company involved in post-production activities.

TECHNICAL CONSIDERATIONS: The exemption would not apply to the production of duplicate tapes that come from the master tape.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Dave Crotts

APPROVED BY: Tom Covington /s/TomC

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