

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 1450 (First Edition)

**SHORT TITLE:** Community Festival Tax Exemption

**SPONSOR(S):** Senator Ballantine

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>
<b>REVENUES</b>					
General Fund	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)	(\$8,000)
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Revenue					
<b>EFFECTIVE DATE:</b> This bill is effective July 1, 1998.					

**BILL SUMMARY:** The bill exempts certain nonprofit community festivals from paying the gross receipts tax.

**ASSUMPTIONS AND METHODOLOGY:** Only one community festival in Southeastern North Carolina appears to meet the following qualifications: 1) is held once a year, 2) last no more than 7 days, and 3) involves a variety of exhibitions, walking tours, entertainers, and activities which are held mostly outdoors. The Department of Revenue identified New Year's Eve festivals and crop/product festivals that potentially could benefit from the exemption, but found they did not meet all the qualifications of this act. The requirement for the festival to include a walking tour seems to exclude most of the festivals from the exemption.

Based on tax records from 1996, 1997, and 1998 provided by the one currently eligible festival, the state collected less than \$8,000 each year in gross receipts tax. A gross receipts tax was charged on admissions to two concerts sponsored by the festival. Since this festival plans to continue scheduling two concerts per year in the near future, the estimated revenue loss from SB 1450 is \$8,000 per year.

**FISCAL RESEARCH DIVISION (733-4910)**

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**DATE:** June 16, 1998



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