



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Global Transpark Authority Sales Tax Mods.
Bill Number: Senate Bill 356 (First Edition)
Sponsor(s): Sen. Bob Brinson

SUMMARY TABLE

FISCAL IMPACT OF S.B.356, V.1					
	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
Local Impact					
Local Revenue	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)
<u>Less Local Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET LOCAL IMPACT	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)

FISCAL IMPACT SUMMARY

The bill would allow the NC Global TransPark Authority (GTP), a state agency, to receive refunds of local sales tax paid on indirect purchases. FRD estimates the bill would reduce local government revenues by about \$30,000 a year, but the actual revenue loss will be higher than this in some years and lower in others due to the timing of GTP projects.

FISCAL ANALYSIS

Under current law, as a state agency, the Global TransPark Authority (GTP) is exempt from paying state and local sales tax on direct purchases, or those that GTP employees purchase themselves from a supply vendor or retail store. However, GTP does pay sales tax on indirect purchases, or those that a contractor pays sales tax on while performing work for GTP, and which is included in the invoice GTP receives and pays. GTP itself does not generally receive refunds for sales tax paid on these indirect purchases, although they sometimes do get reimbursed if the tax was paid on purchases for a qualifying grant-funded project. Therefore, except for some grant funded projects, GTP pays state and local sales tax on indirect purchases and generally is not refunded any of the tax paid.

The bill would modify this process to allow GTP to apply for and receive a refund of the local sales tax paid on indirect purchases. Currently, other state agencies are required to apply for these refunds but the refund is credited to the General Fund and not to the applicant State agency. However, GTP would continue paying and not receiving a refund for state sales tax on indirect purchases.



To determine the bill's fiscal impact, FRD reviewed GTP data on indirect purchases and the corresponding local sales tax paid. This data suggests wide variation year to year in the purchase amounts and corresponding sales tax amounts paid due to the timing of projects conducted at the GTP. For example, in FY 2022-23, GTP only paid sales tax on operational maintenance for which the local sales tax paid was about \$1,100. However, in years with projects beyond maintenance, such as in FY 2021-22 and FY 2023-24, GTP paid approximately \$40,000 and \$50,000 in local sales tax each fiscal year, respectively.¹ For the purposes of this estimate, FRD took an average of the three years of local sales tax paid since the work on future projects is uncertain. Given this, FRD estimates the bill would reduce local government revenues by approximately \$30,000 per year on average, but some years will certainly exceed or be well below this number depending on GTP projects taking place at the time.² FRD also notes that the overwhelming majority of this loss is expected to be to Lenoir County's sales tax revenue, which is the county in which the GTP is located.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Global TransPark Authority. NC Department of Revenue.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

ESTIMATE PREPARED BY

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¹ Example projects on which sales tax was paid in these years include taxiway paving rehabilitation, the C-130 land clearing, and the Fuel Farm.

² GTP staff report several sizable projects will take place in FY 2024-25 and FY 2025-26, for which they anticipate paying approximately \$6.0 million in both state and local sales tax; approximately \$1.9 million of this would be in local sales tax alone. However, for the current fiscal year, the bill's effective date is when the bill becomes law and applies to refunds for the first quarter after that date; therefore, local sales tax paid on a significant portion of indirect purchases already paid this year will not be subject to being refunded.



John Poteat
on behalf of Brian Matteson, Director
Fiscal Research Division
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Signed copy located in the NCGA Principal Clerk's Offices

