

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: December 7, 2015

SUBJECT: Sales Tax Referendum

PRESENTER: Commissioner Edney

ATTACHMENTS: Yes

1. Local Option Sales Tax Referendum Information

SUMMARY OF REQUEST:

Legislation passed by the N.C. General Assembly has given counties the option of a local-option, quarter-cent sales tax. The sales tax (G.S. 105-535) must be approved by voters in a referendum before it can be adopted by a county.

The North Carolina Board of Elections has informed local election boards of its preference for local referendum to be finalized by not later than December 14, 2015. In order to meet this deadline, the Board of Commissioners is requested to discuss whether it wishes to include a quarter-cent local sales tax referendum on the March 15, 2016 Statewide primary ballot. Should the Board determine that it does wish to include that referendum, the Board of Commissioners will make that official request to the local Board of Elections.

BOARD ACTION REQUESTED:

The Board is requested to discuss inclusion of a local sales referendum on the March 15, 2016 Statewide primary ballot.

Suggested Motion(s):

I move the Board officially request the inclusion of a quarter cent local sales tax referendum for inclusion on the March 15, 2016 Statewide primary ballot.

Local Options Sales Tax Referendum Information

In 2007, legislation passed by the N.C. General Assembly gave to counties a local-option, quarter-cent sales tax, also known as Article 46. The sales tax (G.S. 105-535) must be approved by voters in a referendum before it can be adopted by a county.

Article 46 is a general purpose tax, which is not restricted or earmarked and can therefore be used for any allowed use by counties. A county may not stipulate the use of the money on the ballot. A county Board of Commissioners may adopt a resolution that stipulates how they plan to use the revenues.

The distribution method is based on point of sale, meaning that the tax is distributed back to the County in which it was collected.

Unlike other sales tax articles, Article 46 collections are not shared with municipalities. All proceeds are distributed back solely to the County.

The Article 46 sales tax is currently levied by 27 counties in North Carolina, including Buncombe and Haywood.

The local-option sales tax does not apply to unprepared food (i.e. groceries) or gas purchases. There is no local sales tax on gas purchases

A Board of County Commissioners is not obligated to levy the tax even if the majority of those voting in a referendum vote in support of a levy.

The sales tax may become effective on the first day of any calendar quarter so long as the county gives the Secretary of Revenue at least 90 days' advance notice. For example, if a referendum is held in November during the general election and passes, the earliest a county could begin collecting the revenue would be April 1st of the following year, provided it adopts a resolution levying the tax and forwards it to the Department of Revenue prior to December 31st.