

Dear Town of Montreat Board of Commissioners:

Thank you for giving me the opportunity to voice my opposition to the Sales Tax Redistribution Plans that have been filed in the General Assembly. Both S369 and S608 move North Carolina in the wrong direction, at the same time they take away local control, they distract us from the real job of the legislature, which is not to “redistribute” our taxes, but to make investments that address the systemic problems that are facing our state: jobs, education, infrastructure.

Neither of these bills will provide what rural North Carolina Communities need:

- Better funded schools
- Better roads
- High speed internet

They fail to recognize that we are NOT 2 North Carolinas: Rural vs Urban. Our economies are totally interconnected, with our urban centers more and more being the economic engines sustaining whole regions. We cannot dice up our cities and “redistribute” that economic force over our rural areas and expect either of them to thrive.

Finally, the Legislature’s intervention introduces uncertainty that could affect our economies, including bond ratings, for all counties. In the words of the North Carolina Association of County Commissioners:

“Any redistribution of revenues creates winners and losers, but ALL counties will lose control of their fiscal stability if local sales taxes become state revenues”

Sincerely,



Terry Van Duyn

NC Senate – Buncombe County

Sales Tax Redistribution Proposals in the State Legislature March, 2015

Existing Sales Tax Breakdown

Cents			
4.75		NC Department of Revenue	
1.00	Article 39	50% to School Capital Commission Fund	Point of Origin
0.50	Article 40	30% earmarked for Public School capital	Distributed Per Capita
0.50	Article 42	60% earmarked for Public School capital	Point of Origin
0.25	Article 46	100% earmarked for ABTCC Capital Project Fund	Point of Origin
0.00	Article 44	Was .50, in 2008, we traded this for Medicaid Claims Expense	
<u>0.00</u>	Article 43	Transportation (Durham, Mecklinberg, Orange, only)	
7.00	Cents total		

Buncombe County is a retail center, port of origin works in our favor

We distribute some of this tax to our municipalities per capita, or ad valorem

At this point, these bills have been introduced, but have significant hurdles to clear before passage.

S369 Distribute ALL taxes per capita, at state and local level. It BECOMES A STATE REVENUE
Buncombe loses 17 million, 4.8 to fire districts, 2.5 to city schools

Buncombe County uses Ad Valorem Distribution Method

A change to Per Capita would adversely effect Fire District funding

S608 Distribute ALL taxes per capita, at state and local level. It BECOMES A STATE REVENUE
Includes hold harmless at 2014 revenue levels, any new revenue distributed per capita
ALL Sales Tax Growth goes to the state
Maintains county's ability to determine distribution to municipalities: Ad Valorem or Per Capita
Buncombe loses at least 3 million.
Crossover is April 30

County winners and some losers

This map shows a possible outcome of a shift in how the state distributes sales tax collection to counties through the 2019. Buncombe county would see a net loss compared to current law.

