

One-Quarter Cent Sales Tax Referendum Talking Points

History

- The NC General Assembly in 2007 provided counties the option to increase the sales tax by one-quarter of a penny provided the public approves via a referendum. This is commonly referred to as the Article 46 sales and use tax.

Referendum

- Carteret County, along with 3 other counties, has a referendum scheduled for the November 8 ballot. The form of the question on the ballot is: **FOR** **AGAINST**
Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State and local sales and use taxes. The question is the last item on the second page of the ballot.
- The November 8 election is a countywide election so you will go to your usual polling place. Early voting will occur from October 27th to November 5th at five sites in the county – Board of Elections office in Beaufort, Davis Volunteer Fire Department, Western Park Community Center in Cedar Point, and Fort Benjamin Park Recreation Center in Newport, and Morehead City Parks and Recreation. Operating hours can be obtained from the Board of Elections website or by calling their office at 728-8460.
- Voters in 31 counties have approved the local option sales tax including our coastal neighbors Onslow and New Hanover counties.

Article 46 Sales Tax

- The current sales tax rate for Carteret County is 6.75% so if the referendum passes the rate would increase to 7.0%. So for a \$1.00 purchase you would pay 7 cents sales tax instead of 6.75 cents.
- Food (groceries), prescription medication, gasoline, certain agricultural supplies and motor vehicles are some of the items that are exempt from this sales tax.
- The sales tax is not restricted or earmarked and can by law be used for any allowed use by counties. A county may not stipulate the use of the money on the ballot; however, a county Board of Commissioners may adopt a resolution that stipulates how they plan to use the revenues. The Carteret County Board of Commissioners adopted such a resolution on August 15, 2016 stating “its intent to use the revenues from the Article 46 one-quarter cent County sales and use tax, if approved by the voters of Carteret County, for waterway dredging and maintenance within Carteret County.”

- County staff estimates the quarter-cent sales tax will generate approximately \$2.5 million in annual revenues. For comparison purposes, one cent on the county's ad valorem property tax rate, our other major revenue source, will only generate approximately \$1.5 million per year.
- Property taxes are assessed on the property you own. Individuals and businesses pay property taxes. Sales taxes are generated from monetary transactions. Tourists and visitors purchase goods so therefore would help support county services through a sales tax.
- Carteret County commissioned a study which conservatively estimated that 52% of the sales tax paid would be paid by non-residents or visitors to the county.
- If the referendum passes, the County Commissioners must still adopt a resolution to levy the tax. The Board must provide 10 days public notice of its intent to adopt a resolution to levy the tax.
- The earliest the sales tax may become effective is the first day of any calendar quarter so long as the county gives the Secretary of Revenue at least 90 days' advance notice. So the earliest Carteret County could begin collecting the revenue would be April 1, 2017 provided the commissioners adopt a resolution levying the tax and forwards it to the Secretary of Revenue prior to December 31.

Purpose – Waterway Dredging and Maintenance

- The Board of County Commissioners is looking at the list of waterways to be eligible for dredging and maintenance as very comprehensive to include **all areas of the county**. Examples are the Newport River, Harlowe Canal, Wainwright Slough, entrances to county Harbors of Refuge, Bulkhead Channel, Morgan Creek, Money Island Channel, Peletier Creek, Bogue Inlet and many, many more. It is anticipated that if the waters are navigable, they will be eligible for funding.
- A Waterways Management Board has been created by the Board of County Commissioners to administer the use of these funds. Representatives of the Management Board have been appointed by each commissioner to ensure broad representation from all parts of Carteret County.
- The Waterways Management Board is developing procedures to receive public input regarding establishing the priorities of the waterways to be maintained. County staff is assisting the Board in their tasks.
- The funds generated will be set aside in a Special Revenue Fund.
- The funds generated from the sales tax will help leverage and match federal, state and local funding as well as private funding. For example, the State of North Carolina has established a new "Shallow Draft Navigation Channel and Lake Dredging Fund" with funds coming from boat registration fees and boat fuel taxes. Carteret County is eligible to receive these funds and they require a 33% local match which could be provided by the sales tax proceeds.