



RESOLUTION 17-03
RESOLUTION SUPPORTING SEASONAL POPULATION ADJUSTMENT FACTOR
FOR
SALES TAX AND OTHER STATE REVENUE DISTRIBUTION

Whereas, the State's current sales tax distribution formula among the 100 counties is based 75% on the point-of-delivery / point-of-sale and 25% on the official population estimates of the counties; and

Whereas, the use of official population estimates for the distribution of sales tax and other State revenues harms tourism-dependent communities like Holden Beach and Brunswick County that have low official population estimates, but have a significant population of second home owners and visitors and

Whereas, these second home owners and visitors make significant economic contributions, significant sales tax payments, and place significant service demands on our community; and

Whereas, tourism-dependent communities like Holden Beach and Brunswick County are structured to provide infrastructure and services to the entire population, which includes permanent residents and the significant population of second home owners and visitors; and

Whereas, the 25% portion of the sales tax distribution that is based on the official population estimates currently includes a population adjustment factor aimed at least somewhat at addressing this concern; and

Whereas, S126, introduced in the North Carolina Senate, would eliminate the current population adjustment factor and replace it with a new adjustment tied to the NC economic development tier system, and would reduce Brunswick County's adjustment factor from 1.17 to 0.90; and

Whereas, S126 is harmful to tourism-dependent communities like Holden Beach and Brunswick County, and does not accurately reflect the significant economic contributions, significant sales tax payments, and significant service demands of the significant population of second home owners and visitors in our community; and

Whereas, S126 could result in an annual loss of sales tax revenues of up to \$8,834 annually for Holden Beach; and

Whereas, Brunswick County, its 19 municipalities and Brunswick County Schools could collectively lose up to \$2.6 million annually if S126 ultimately becomes law; and

Whereas, S126 would result in the redistribution of millions of dollars of sales tax revenue away from tourism-dependent communities to provide additional revenue to rural counties in North Carolina; and

Whereas, the goal of S126 to assist rural counties is noble, and the Town of Holden Beach supports this goal, however, any such assistance should be included in a State-funded strategy rather than a redistribution of **local** sales tax revenues; and

Whereas, the proposed change will have a negative impact on the ability of Holden Beach, and other tourism-dependent communities to meet service demands, maintain quality of life, and remain competitive in the tourism and retirement markets; and

Whereas, the Town of Holden Beach supports the use of a “seasonal population adjustment factor” to be applied to the distribution of sales tax revenues and other State revenues that are distributed to NC counties and municipalities on the basis of population.

Now, therefore, be it resolved that the Holden Beach of Commissioners hereby urges the NC General Assembly to utilize an alternative State-funded strategy to provide additional revenue to rural counties in North Carolina instead of enacting S126.

Be it further resolved that the Holden Beach Board of Commissioners hereby urges the NC General Assembly to enact legislation establishing a “seasonal population adjustment factor” to be applied to the distribution of sales tax revenues and other State revenues distributed to all NC counties and municipalities on the basis of population.

Be it further resolved that such “seasonal population adjustment factor” could be applied by adjusting the official population estimate for all 100 counties and all municipalities in the State by adding an amount equal to two (2) times the number of housing units for each jurisdiction that are reported for “seasonal, recreational, or occasional use” in the most recent decennial US Census.

Adopted this the 21st day of March, 2017.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk