

Report on Local Taxes and ABC Board Profits



Rates, Authorizations, Uses, and Distribution Methods

**Prepared by the Dare County Finance Department.
September 16, 2014**

Report on Local Taxes and ABC Board Profits



Contents:

Occupancy Tax

Prepared Foods and Beverage Tax

Land Transfer Tax

1% Local Option Sales Tax, Article 39

1/2% Local Option Sales Tax, Article 40

1/2% Local Option Sales Tax, Article 42

Alcoholic Beverage Control Board Profits

Occupancy Tax

Rate of Tax

- 6% total rate, consisting of a:
 - 3% Room Occupancy Tax,
 - 1% Room Occupancy and Tourism Development Tax, and a
 - 2% Room Occupancy and Tourism Development Tax for Beach Nourishment.

Authorization

- 3% - House Bill 532, 1985 Session, General Assembly of North Carolina
 - Effective July 1, 1985
- 1% - House Bill 225, 1991 Session, General Assembly of North Carolina
 - Effective January 1, 1992
- 1% - Senate Bill 92, 2001 Session, General Assembly of North Carolina
 - Effective September 1, 2002
- 1% - Senate Bill 1298, 2010 Session, General Assembly of North Carolina
 - Effective January 1, 2014
- Distribution – House Bill 2001-394
 - Effective July 1, 2003

Use of Tax

- County & Municipalities:

Must be used only for tourist-related purposes, including construction and maintenance of public facilities and buildings, garbage, refuse, solid waste collection and disposal, police protection and emergency services.
- Dare County Tourism Board:

First eligible expense is the cost of an annual audit. Of the remainder:

 - 75% must be used for the cost of administration and to promote tourism. The Tourism Board's expenditures may include (i) advertising to promote less than peak season events and programs, (ii) marketing research, (iii) a mail and telephone inquiry response program, and (iv) welcoming and hospitality functions; and
 - 25% must be used for services or programs needed due to the impact of tourism on the county.
- Beach Nourishment:

Must be used for the placement of sand, from other sand sources, the planting of vegetation, and the building of structures that are in conformity with NC CAMA, such as sand fences and dunes, on beaches of the Atlantic Ocean of North Carolina for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property.

Distribution of Tax

- 3% Occupancy Tax, net proceeds to:
 - 68 % to named towns (Duck, Kill Devil Hills, Kitty Hawk, Manteo, Nags Head & Southern Shores) in proportion to the amount of ad valorem taxes levied by each town for the preceding fiscal year; and
 - 32% to Dare County.
- 1% Occupancy and Tourism Development Tax, net proceeds to the Dare County Tourism Board.
- 2% Occupancy and Tourism Development Tax, net proceeds to Dare County for beach nourishment.

Prepared Foods Tax

Rate of Tax

- 1% of the sales price of prepared foods and beverages sold within the county at retail for consumption on or off a premises.

Authorization

- House Bill 225, 1991 Session, General Assembly of North Carolina
 - Effective January 1, 1992

Use of Tax

- Dare County Tourism Board:

First eligible expense is the cost of an annual audit. Of the remainder: 75% must be used for the cost of administration and to promote tourism. The Tourism Board's expenditures may include (i) advertising to promote less than peak season events and programs, (ii) marketing research, (iii) a mail and telephone inquiry response program, and (iv) welcoming and hospitality functions; and 25% must be used for services or programs needed due to the impact of tourism on the county.

Distribution of Tax

- Net proceeds to the Dare County Tourism Board.

Land Transfer Tax

Rate of Tax

- 1% rate, defined as:
- An excise tax on instruments conveying certain interests in real property. The tax imposed is \$1 per each \$100 or fraction thereof of the total consideration or value of the interest conveyed.

Authorization

- House Bill 716, 1985 Session, General Assembly of North Carolina
 - Effective September 1, 1985
- House Bill 2001-394
 - Effective July 1, 2003

Use of Tax

- County:
Must be used only for capital expenditures or debt service incurred for capital expenditures for courts, jails and detention facilities, emergency medical services, libraries, recreation, education, administration, water, sewage, health and social services.
- Municipalities:
None.

Distribution of Tax

- First twelve (12) years of tax, 100% of net proceeds to Dare County.
- Thereafter (beginning 7/1/97):
 - 65% to Dare County; and
 - 35% to named towns (Duck, Kill Devil Hills, Kitty Hawk, Manteo, Nags Head & Southern Shores) in proportion to the amount of ad valorem taxes levied by each town for the preceding fiscal year.

1% Local Option Sales and Use Tax

Article 39

Point of Distribution

Rate of Tax

- 1% rate, on the retail sale or lease of tangible personal property and on the rental of motel and hotel rooms.

Authorization

- General Assembly of North Carolina, NCGS 105, Article 39 (1971)
- Effective upon adoption of resolution by County Board of Commissioners. Effective for all 100 counties in 1971.

Use of Tax

- County:
No restrictions (other than voter approval for use for category III expenditures for a community development project).
- Municipalities:
No restrictions (other than voter approval for use for category III expenditures for a community development project).

Allocation to County Pools

- Net proceeds are returned to the county of distribution.

Distribution of Tax

- May be distributed among County and municipalities by a per capita formula or by an ad valorem tax formula.
- Dare County chose ad valorem tax formula:
- Tax distributed in proportion to the amount of ad valorem taxes levied by each town and the County for the preceding fiscal year.

1/2% Local Option Sales and Use Tax

Article 40

Rate of Tax

- 1/2% rate, on the retail sale or lease of tangible personal property and on the rental of motel and hotel rooms.

Authorization

- General Assembly of North Carolina, NCGS 105, Article 40 (1983)
- Effective upon adoption of resolution by County Board of Commissioners and effective for all 100 counties.

Use of Tax

- County:
Earmark 40% of tax for first 5 years and 30% of tax thereafter for school capital outlay or debt service for school capital outlay.
- Municipalities:
None

Allocation to County Pools

- Net proceeds are placed into a statewide pool and then allocated to county pools on a per capita basis. The per capita allocations are then adjusted per NCGS 105-486(b) (1987). NCGS 105-486 increases the Dare pool by 49%.

Distribution of Tax

- May be distributed among County and municipalities by a per capita formula or by an ad valorem tax formula.
- Dare County chose ad valorem tax formula:
- Tax distributed in proportion to the amount of ad valorem taxes levied by each town and the County for the preceding fiscal year.

Two 1/2% Local Option Sales and Use Tax Article 42

Rate of Tax

- 1/2% rate, on the retail sale or lease of tangible personal property and on the rental of motel and hotel rooms.

Authorization

- General Assembly of North Carolina, NCGS 105, Article 42 (1986)
- Effective upon adoption of resolution by County Board of Commissioners and effective for all 100 counties.

Use of Tax

- County:
Earmark 60% of tax for school capital outlay or debt service for school capital outlay.
- Municipalities:
None.

Allocation to County Pools

- Net proceeds are placed into a statewide pool and then allocated to county pools, and effective 10/1/2009 net proceeds are returned to the county of distribution.

Distribution of Tax

- May be distributed among County and municipalities by a per capita formula or by an ad valorem tax formula.
- Dare County chose ad valorem tax formula:
- Tax distributed in proportion to the amount of ad valorem taxes levied by each town and the County for the preceding fiscal year.

Alcoholic Beverage Control Board Profits

Rate

- ABC Board profits, after allowable expenditures and required reservations.

Authorization

- General Assembly of North Carolina, NCGS 18B-805, 1995 Session Laws, Chapter 679, Section 1, and 2001 Sessions Laws, Session Law 2001-52, House Bill 727.

Use of Profits

- County and Municipalities as detailed below in “Distribution of Profits”.

Distribution of Profits

- **42.5%** to Dare County to be administered by the Dare County Department of Social Services to supplement the operating cost of an in-county out-of-home group care facility for abused, neglected, and dependent children and for other child and family services.;
- **20% (up to 20%)** may be retained by the ABC Board for capital improvement;
- **15% of the remainder** allocated among the incorporated towns within the county, the sums going to the General Fund of each incorporated town for any governmental purpose; and
- **The balance** to the General Fund of Dare County to be expended for any lawful purpose.