

Chatham County Exploring Local Option Sales Tax Referendum for 2020

Posted by [Chatham News + Record](#) | Apr 20, 2019 | [Chatham N+R](#), [Town Square](#) | [0](#)

Chatham News + Record

By Zachary Horner, [Chatham News + Record](#) Staff

Chatham County may soon be coming into another revenue stream, with a couple of hurdles still to jump.

The county's Board of Commissioners on Monday formally asked county staff to begin pursuing the possibility of putting a quarter-cent local sales tax on the March 2020 ballot. The item is not etched into the ballot yet, but county staff said that they needed a go-ahead to start the paperwork because of time constraints.

The tax would apply to all purchases where sales tax is applicable, with the exclusion of unprepared foods and gasoline. Darrell Butts, a budget analyst with the county manager's office, told the board in February that the tax would have brought in \$1.6 million for the county if applicable in 2017 and slightly less last year.

"It's a dependable source of revenue, fairly dependable," Butts said. "It's not one-time, it's going to be there year-after-year."

The county's current sales tax is 6.75 percent, which is lower than many nearby municipalities. The state receive 4.75 percent of that, while the county currently receives the other 2 cents. If the referendum is put on the ballot, passed by the citizens and approved by the board, the local sales tax would go to 7 percent, or seven cents per every dollar spent.

In 2007, the N.C. General Assembly allowed municipalities to enact a local option sales tax, also known as an Article 46 tax. Of North Carolina's 100 counties, 42 have enacted such a tax, including the nearby Durham, Harnett, Lee, Orange and Randolph counties. Moore County has also passed it, but was not eligible to begin levying it until this month.

Something all of the neighboring counties have done is pass a resolution defining how the funds will be used. Such a resolution is not required for the item to be put on the ballot, and the purpose

will not be listed on the referendum if placed. Each of the neighboring counties have allocated all or some of the funds for educational purposes. Lee County directs its Article 46 funds for education debt or other schools capital needs, Orange County allocates half for public schools capital and half for economic development initiatives and Harnett County uses its revenue for school construction.

The board decided Monday not to finalize the item on the ballot, but to direct staff to begin the paperwork and communications with the state and local boards of elections. Butts said staff needed at least 10 months for everything to become finalized.

Commissioner Walter Petty said Monday he wanted to know what the tax revenue would be used for prior to putting it on the ballot.

“Ultimately, the general public should decide, and that’s the way it should be,” Petty said. “If I were voting to approve that as a voter, I would want to know how those funds are being used.”

The board agreed that they would discuss possible uses at a later date.