



Chatham County, NC

Legislation Text

File #: 21-3842, **Version:** 3

Vote on a Request to Approve a Plan for the Disbursement of Additional Article 46 Sales Tax Proceeds

Action Requested: Vote on a Request to Approve a Plan for the Disbursement of Additional Article 46 Sales Tax Proceeds.

Introduction & Background: On November 18, 2019, the Chatham County Board of Commissioners voted to place the Article 46 Local Option Sales Tax referendum on the March 3, 2020 ballot for voter consideration. At that time, the Board also defined 4 specific intended uses for the additional funds in the event that the referendum was successful. The intended uses as approved by the Board were (in alphabetical order): Affordable Housing, Agricultural Preservation & Enhancement, Education, and Parks & Recreation. The Article 46 Local Option Sales Tax was approved by Voter Referendum on March 3, 2020. On April 20, 2020, after a successful approval of the Article 46 Sales Tax by voter referendum, the Board of Commissioners voted to levy the Article 46 Sales Tax with a statutorily mandated effective date of October 1, 2020. Given the uncertainties surrounding sales tax collections as the start of the COVID-19 pandemic and due to the fact that the County would only be collecting Article 46 Sales Tax receipts of 9 months of fiscal year 2021, the Board approved using the entirety of expected Article 46 proceeds for fiscal year 2021 to offset the increase in the school system's local supplement.

Discussion & Analysis: When staff presented the FY 2021 Operating Budget in May of 2020, we budgeted for expected collections for 9 months. At that time, staff informed the Board that if the Article 46 Sales Tax collections exceeded the budgeted amount, then we would bring that information to the Board and request guidance on how to proceed with any funds more than budget.

For any funds over the budgeted amount in FY 2021 (\$968,111), staff recommends that those additional revenues be allocated evenly across the 3 intended uses that have not yet received revenue (Affordable Housing, Agricultural Preservation & Enhancement, and Parks & Recreation) for the remainder of FY 2021.

How does this relate to the Comprehensive Plan: The Article 46 sales tax proceeds have been identified for use in 4 specific service areas, all of which promote vital aspects of the Comprehensive Plan.

Budgetary Impact: The estimated additional Article 46 proceeds for the remainder of FY 2021 are approximately \$300,000 dollars. These sales tax receipts will be used to fund needs within 4 specific service areas (Affordable Housing, Agricultural Preservation & Enhancement, Education, and Parks & Recreation), as approved by the Board.

Recommendation: Approve the Plan for the Disbursement of Article 46 Sales Tax Proceeds