



**A RESOLUTION OF THE NAGS HEAD BOARD OF COMMISSIONERS
OPPOSING SALES TAX REDISTRIBUTION**

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 Nags Head and Dare 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 Nags Head and Dare 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/H522, 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 significantly reduce Nags Head's adjustment factor; AND

WHEREAS, S126/H522 is harmful to tourism-dependent communities like Nags Head and Dare 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/H522 will result in an annual sales tax revenue loss of at least \$105,432 for Nags Head; AND

WHEREAS, Dare County and its six municipalities will collectively lose up to \$1.2 million annually if S126/H522 ultimately becomes law; AND

WHEREAS, S126/H522 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/H522 to assist rural counties is noble, and the Town of Nags Head 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 Nags Head, Dare County, 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 Nags Head 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.

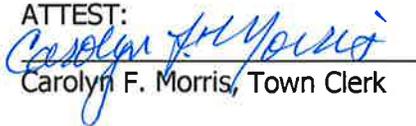
NOW, THEREFORE, BE IT RESOLVED that the Nags Head Board of Commissioners hereby urges the NC General Assembly to utilize an alternative State-funded strategy to provide additional revenue to rural counties in North Carolina instead of enacting S126/H522.

Adopted this 5th day of April 2017.



Robert C. Edwards, Mayor
Town of Nags Head

ATTEST:


Carolyn F. Morris, Town Clerk