

**REQUEST FOR BOARD ACTION**

**HENDERSON COUNTY  
BOARD OF COMMISSIONERS**

**MEETING DATE:** March 6, 2008

**SUBJECT:** Sales Tax Distribution

**ATTACHMENTS:** Laurel Park Dissolution of Sales Tax Agreement  
Sales Tax Agreement

**SUMMARY OF REQUEST:**

Staff will provide an update to the Board of Commissioners regarding the status of the sales tax agreement with the municipalities. On February 27<sup>th</sup>, the County was informed by Laurel Park that they are terminating the agreement. The Board of Commissioners will be asked to consider, discuss and provide direction to Staff regarding any potential action that should be taken.

**BOARD ACTION REQUESTED:**

Consider, discuss and provide direction to Staff regarding any potential action that should be taken with respect to sales tax distribution.

**Suggested Motion:**

No motion suggested.

# HENDERSON COUNTY


100 North King Street • Hendersonville, NC 28792  
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**STEVE WYATT**  
County Manager  
swyatt@hendersoncountync.org

**SELENA COFFEY**  
Assistant County Manager  
selenac@hendersoncountync.org

## **MEMORANDUM**

**TO: BOARD OF COMMISSIONERS**

**FROM: Steve Wyatt, Henderson County Manager** 

**DATE: February 27, 2008**

**SUBJECT: Laurel Park dissolution of sales tax agreement**

Attached you will find the letter from Laurel Park Mayor Henry Johnson to Chairman Moyer informing the County that Laurel Park Town Council has voted to dissolve the interlocal agreement on sales tax distribution. Dissolution of the agreement will result in an estimated revenue loss of \$846,330 to the county in fiscal year 2008-2009. This issue will be on the agenda for the Board of Commissioners March 6 meeting.

**Cc: City/Town Managers and Clerks**  
**Selena Coffey, Assistant County Manager**  
**Carey McLelland, Finance Director**  
**Russ Burrell, County Attorney**

**Attachment**

# Town of Laurel Park

HENRY T. JOHNSON, Mayor  
RICHARD P. COOKE, Commissioner  
KEITH A. MADDOX, Commissioner  
DONA M. MENNELLA, Commissioner  
ROBERT O. VICKERY, Commissioner  
and Mayor Pro Tem

441 White Pine Drive  
Laurel Park, NC 28739-0910  
(828) 693-4840  
FAX (828) 696-4948

JAMES W. BALL, JR., Town Manager  
DONALD N. FISHER, Chief of Police  
KIMBERLY B. HENSLEY, CMC, Town Clerk  
J. EARL NEWMAN, Public Works  
D. SAMUEL NEILL, Town Attorney

February 26, 2008

Bill Moyer, Chairman  
Henderson County Board of Commissioners  
100 North King Street  
Hendersonville, NC 28792-5097


Re: Interlocal Agreement dated April 27, 2006

Dear Chairman Moyer,

The Laurel Park Town Council unanimously voted today to dissolve the Interlocal Agreement dated April 27, 2006 (re: local option sales tax distribution method), as the agreement pertains to the Town of Laurel Park, and hereby is giving notice to do so.

If you have questions, please call me at 693-4840.

Sincerely,

  
Henry T. Johnson,  
Mayor

HTJ/tdl

cc: Bill Moore, Mayor, Town of Fletcher  
Greg Newman, Mayor, City Of Hendersonville  
Roger Snyder, Mayor, Town of Mills River  
Bob Staton, Mayor, Village of Flat Rock  
Steve Wyatt, Henderson County Manager  
Laurel Park Commissioners  
Laurel Park Town Clerk



## FY 2009 Sales Tax Comparison Summary

**ESTIMATED LOCAL OPTION SALES TAX TO BE DIVIDED** (not including any not yet levied)

**\$27,000,000.00**

### PER CAPITA METHOD

Government	Population	Percentage of Total	Sales Tax Distribution
Henderson County	100,107	77.25%	\$20,174,883.67
Fire Districts	0	0.00%	\$0.00
Flat Rock	3,121	2.41%	\$722,515.03
Fletcher	5,343	4.12%	\$1,236,910.54
Hendersonville	12,499	9.65%	\$2,893,532.63
Laurel Park	2,229	1.72%	\$516,016.02
Mills River	6,290	4.85%	\$1,456,142.11
TOTAL	129,589	100.00%	\$27,000,000.00

### AD VALOREM METHOD

Government	Total Levy	Percentage of Total	Sales Tax Distribution
Henderson County	\$55,070,414.00	77.46%	\$20,458,047.73
Fire Districts	\$5,202,549.00	7.32%	\$1,975,825.81
Flat Rock	\$653,068.00	0.92%	\$275,580.43
Fletcher	\$2,333,791.00	3.28%	\$984,808.81
Hendersonville	\$6,116,631.88	8.60%	\$2,581,085.02
Laurel Park	\$1,107,668.69	1.56%	\$467,411.99
Mills River	\$609,605.53	0.86%	\$257,240.21
TOTAL	\$71,093,728.10	100.00%	\$27,000,000.00

### DIFFERENCE

Government	Difference ("ad valorem" method minus "per capita" method)
Henderson County	\$283,164.06
Fire Districts	\$1,975,825.81
Flat Rock	(\$446,934.60)
Fletcher	(\$252,101.73)
Hendersonville	(\$312,447.61)
Laurel Park	(\$48,604.03)
Mills River	(\$1,198,901.90)

### AGREEMENT RESULTS (presuming all municipalities and the County still in accord)

Government	Payment to Henderson County	TOTAL RECEIPTS	Difference ("Agreement" minus "ad valorem" method)
Henderson County	\$0.00	\$21,304,378.61	\$846,330.88
Flat Rock	\$223,467.30	\$499,047.73	\$223,467.30
Fletcher	\$126,050.86	\$1,110,859.68	\$126,050.86
Hendersonville	\$156,223.81	\$2,737,308.82	\$156,223.81
Laurel Park	\$24,302.02	\$491,714.00	\$24,302.02
Mills River	\$599,450.95	\$856,691.16	\$599,450.95
TOTAL		\$27,000,000.00	

## DEFINITIONS, FORMULAS AND EXPLANATIONS

1. **Estimated local option sales tax to be divided:** This number was estimated for FY2009 at \$27,000,000.00. For FY2008 (this current year), the number was estimated at (and is very close to in real life) \$29,330,338.00.

Note, however, that the figure for FY2009 is calculated on a different basis than the FY2008 figure, because of the State cutting the Article 44 section of the local option sales tax, so that the total local option sales tax drops from 2.5% to 2.25%, which is 10% of the former total.

The \$27 million figure *implies* a \$30 million figure under the old, FY2008, percentage of sales tax. This was chosen to attempt to account for a "slow growth" projection for the economy, and is significantly below the average sales tax growth trend.

2. **Municipal "hold harmless".** For FY2009, fifty percent (50%) of the amount of sales and use tax revenue distributed under Article 40 of this Chapter to the municipality for a month, other than revenue from the sale of food that is subject to local tax but is exempt from State tax under G.S. 105-164.13B.

3. **House Bill 2007-1473, version 10:** The relevant portions involving sales tax are attached.

4. **Spreadsheet:** The spreadsheet upon which the figures shown in the "FY2009 Sales Tax Comparison Summary" is based is attached, and is available in electronic form upon request.