



REVENUE MANUAL

Prepared by the Department of Finance and Administrative Services

December 2018

Photo by Charles R Sheppard II



ORANGE COUNTY
NORTH CAROLINA

Table of Contents

Foreword	2
GENERAL FUND	
PROPERTY TAXES	
Ad Valorem Real and Personal Property	3
Motor Vehicle Property	5
Delinquent Taxes	7
Interest on Delinquent Taxes	8
Late List Penalties	9
SALES TAXES	
Article 39 – One-Cent Sales & Use Tax	10
Article 40 – Half-Cent Sales & Use Tax	12
Article 42 -- Half-Cent Sales & Use Tax	14
Article 43 – Half-Cent Sales & Use Tax	16
Article 44 -- Half-Cent Sales & Use Tax	18
Article 44 – Hold Harmless Provision	20
LICENSES & PERMITS	
Franchise Taxes	22
INTERGOVERNMENTAL REVENUES	
Education Lottery	24
Medicaid Reimbursement	26
Food and Nutrition Services	28
Work First Family Services	30
Smart Start Subsidy	32
Child Care Subsidy	34
Title IV-E General Subsidy	36
Title IV-E Administration	37
Child Support Enforcement	38
Low Income Energy Assistance Program	39
School Resource Officers	41
ABC System Contributions	43
CHARGES FOR SERVICES	
Excise Stamp Tax	45
Register of Deeds' Fees	47
Emergency Medical Charges	48
INVESTMENT EARNINGS	
Investment Earnings	49
APPENDIX	
Special Revenue: E-911 Subscriber Charge	50
Special Revenue: Occupancy Tax	51

Foreword

The Orange County Revenue Manual was produced to provide a reference for the major sources of County revenues. The manual format was organized to provide revenue description, legal authorization, method of collection, authorized use, rate and collection frequency, exemptions, restrictions, five-year revenue history, and discussion section.

The discussion narrative which follows each revenue page provides more detailed background and context of the revenue type. The information in the discussion section expounds on revenue capacity and permissible uses. This provides the reader with a broader perspective on enabling legislations and how each revenue source is used to meet service delivery requirements.

The manual is organized by Taxes, Licenses and Permits, Intergovernmental Revenues, Charges for Services and Investment Earnings. The five-year historical trends offer analysis and inference drawn from both legislative and economic and financial market conditions. The Department of Finance and Administrative Services will make regular updates to this manual.

A special thanks to our Budget Division, County Departments, and the UNC School of Government Internship Program for their invaluable contributions to this document.

Gary Donaldson
Chief Financial Officer

Ad Valorem Real and Personal Property Tax

Department:	Tax Administration
Revenue Description:	<p>Real and Personal Property within the jurisdiction of the State that is subject to taxation.¹</p> <p>Ad Valorem Property Tax is the largest source of revenue for Orange County. Depending on location in Orange County, property may be subject to additional municipal, fire, school, or other district tax rates.</p>
Legal Authorization:	<p>G.S. 153A-149 G.S. 160A-209 G.S. 105-271 to 105-395</p>
Fund & Account:	<p>General Fund 10-1000-01-400000</p>
Source:	Orange County tax payers with real and personal property (residential and commercial).
Authorized Use:	All General Fund expenditures.
Method of Collection:	Local property taxes are based on the value of real property. A property owner is responsible for completing listing form, which includes a list of any physical changes to real property and any personal property owned as of January 1st.
Rate:	85.04 cents per \$100 of Assessed Valuation.
Frequency:	Annually. Property tax bills (other than those for Registered Motor Vehicles) are due September 1. Bills not paid on or before January 5 of the following year are assessed fees, penalties, and interest after that date.
Exemptions:	<p>Several exemptions exist, including but not limited to property used for charitable, educational, religious, and scientific purposes.² Applications for exemptions must be submitted to the County Tax Office by January 31 of the tax listing period. Individuals may also qualify for assistance programs, such as those for elderly, permanently disabled, and disabled veterans.^{3 4} Applications for assistance programs must be filed with the County by June 1. Applications submitted after June 1 but before the end of the calendar year may be considered and approved by the Board of County Commissioners if good cause is demonstrated by taxpayer.</p> <p>For additional information about exemptions, assistance programs, and application requests, please contact the Orange County Tax Office.</p>
Restrictions:	The General Assembly has authorized broad discretion to local units for most activities ⁵ . However, a County may not spend property tax proceeds for any function without the approval of the unit's voters unless the General Assembly has authorized it to do so. ⁶

¹ [G.S. Chapter 105, Article 12.](#)

² orangecountync.gov/1798/Exempt-Property

³ [G.S. 105-277.1.](#)

⁴ www.ncleg.net/EnactedLegislation/Statutes/PDF/ByArticle/Chapter_105/Article_12.pdf

⁵ [G.S. 153A-149](#)

⁶ sogpubs.unc.edu/electronicversions/pdfs/cm92014excerptch1.pdf

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$129,913,201	\$134,609,355	\$136,472,724	\$138,316,785	\$142,240,161

Tax Rate History (in cents per \$100 of assessed valuation)

<i>Fiscal Year</i>	<i>FYs 2012-13 to 2014-15</i>	<i>FYs 2015-16 to 2016-17</i>	<i>FY 2017-18</i>	<i>FY 2018-19</i>
Amount	85.8	87.8	83.77	85.04

Discussion

Calculation Formula

Real property ad valorem taxes are based on the value of real property, land and structures. It is the responsibility of the Tax Office to ensure that property values are assessed uniformly and equitably among all property owners throughout the County; this is done through the process of revaluation.

Personal property tax applies to, but is not limited to, machinery and equipment, construction in progress, computer equipment, office furniture and fixtures, leasehold improvements, supplies, expensed items, unregistered motor vehicles, recreational vehicles, manufactured homes, aircrafts, watercrafts, and other property.

When estimating property tax revenues, counties must consider the likelihood of failing to collect 100% of total taxes billed in a given year. In Orange County, the overall collection rate budgeted in FY 2017-18 was 99.10%. The overall collection rate budgeted for FY 2018-19 is 99.20%.

Revaluation

For real property, revaluation is the process of reappraising all real estate in the County to reflect the current market value and re-establish equity among properties that may have appreciated or depreciated in value at different rates since the County's last revaluation. This process is required by North Carolina law to take place at least once every eight years.⁷ Currently, Orange County's revaluation schedule includes reappraisal once every four years. The effective date of the most recent revaluation was January 1, 2017. All current tax assessments for real property reflect a market value as of that date. The next revaluation will be effective January 1, 2021, when tax assessments will be updated to reflect market value.

Personal property is appraised annually. In determining value, the appraiser considers among many factors the property's replacement cost, sales price (of similar property), age, physical condition, productivity, remaining life, economic utility, and the effect of obsolescence on the property.⁸

Distribution Method

Under the ad valorem method, the amount distributed to Orange County is based on relative property tax levies. The County uses all property tax proceeds to fund General Fund expenditures.

⁷ [G.S. 105-286](#)

⁸ [G.S. 105-317.1](#)

Motor Vehicle Property Tax

Department:	Tax Administration
Revenue Description:	Motor vehicles within the jurisdiction of the State are subject to taxation. The North Carolina Department of Revenue collects this tax and distributes to Orange County the appropriate share.
Legal Authorization:	G.S. 153A-149 G.S. 105-330
Fund & Account:	General Fund 10-1000-01-400010
Source:	Orange County tax payers with registered classified motor vehicles.
Authorized Use:	All General Fund expenditures.
Method of Collection:	Revenue from the tax is received by Orange County directly from the North Carolina Department of Revenue.
Rate:	85.04 cents per \$100 of Assessed Valuation.
Frequency:	Monthly. Registered Motor Vehicle Taxes are due with vehicle registration and become delinquent after 30 days. Revenue from the tax is distributed to the County by the North Carolina Department of Revenue.
Exemptions:	Some motor vehicles, such as manufactured homes and mobile offices, are exempt from registration and taxation under the provisions of classified motor vehicle property tax. (Note: For a more complete list of exemptions, please refer to G.S. 105-330 , G.S. 20-51 , and the Orange County Tax Office.)
Restrictions:	A County may not spend property tax proceeds for any function without the approval of the unit's voters unless the General Assembly has authorized it to do so.

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$10,945,810*	\$9,332,599	\$9,628,660	\$10,070,773	\$9,994,633

* Due to the timing of the Tax and Tag Together Law, FY 2013-2014 revenues represents three additional months of collections.

Discussion

History

In 2005, the North Carolina General Assembly combined motor vehicle registration renewal and property tax collection. Referred to as the Tag & Tax Together program, the law transfers responsibility of motor vehicle tax collection from individual counties to the North Carolina Division of Motor Vehicles (NC DMV). Tag and Tax Together formally began in 2013. Under this program, vehicle owners in the state are required to pay property taxes owed on their vehicles at the same time vehicles are annually registered with NCDMV.⁹

Appraisal

Motor Vehicle Property Taxes are assessed based on the taxable market value of the vehicle as prescribed by [G.S. 105-330.2](#). The appraiser finds the most probable price that a property would bring between a willing buyer and seller.

Exempt Motor Vehicles

Certain motor vehicles are excluded from the provisions of registered classified motor vehicles, including but not limited to: unregistered motor vehicles; semi-trailers or trailers registered on a multi-year basis; manufactured homes; mobile classrooms; mobile offices; self-propelled property carrying vehicles; motor vehicles leased to a public service company, town, or city; motor vehicles owned by a church; for hire and rental passenger vehicles registered under [G.S. 20-87](#); and motor vehicles issued permanent registration plates. These vehicles are exempt from taxation under the provisions of Classified Motor Vehicle Tax but may be subject to taxation under the provisions of other applicable NC laws.

The owner of a classified motor vehicle who claims an exemption or exclusion from tax under [G.S. 105-330.3](#) is required to establish the vehicle is entitled to the exemption or exclusion. The owner may request exemption or exclusion of the classified motor vehicle by filing an application for exempt status with the Orange County Tax Office within 30 days of the date taxes on the vehicle are due.

Distribution Method

The Orange County Tax Office is responsible for assessing the value of the vehicle according to uniform assessment standards created by the North Carolina Department of Revenue. After determining the taxable market value of the vehicle, the North Carolina Department of Revenue (or a third party contractor acting on its behalf) prepares a combined tax and registration notice for each registered classified motor vehicle. This notice includes the taxes on the motor vehicle that are due to the County. The taxes are paid directly to the North Carolina Department of Revenue which then remits the appropriate amount of funds to Orange County once a month.

⁹ www.ncdor.gov/taxes/north-carolinas-property-tax-system/tag-tax-together-project

Delinquent Taxes

Department:	Tax Administration
Revenue Description:	Tax payments made on delinquent tax accounts.
Legal Authorization:	G.S. 105-365.1
Fund & Account:	General Fund 10-1000-01-400020
Source:	Orange County taxpayers with delinquent tax payments.
Authorized Use:	All General Fund expenditures.
Method of Collection:	Enforced collection of delinquent taxes and applicable fees, interest, and penalties may begin immediately upon the account reaching the delinquent status. Legal actions to collect delinquent taxes may include, but are not limited to, garnishment of wages, attachment of bank accounts and rents, seizure and sale of personal property, and foreclosure and sale of real property.
Rate:	See Property Tax and Motor Vehicle Tax sections.
Frequency:	Continuously (as paid). Property tax bills are due September 1 and enter delinquent status if a billed amount remains unpaid after January 5 following the tax year. Registered classified motor vehicle taxes are due with vehicle registration and enter delinquent status if unpaid 30 days after the due date. This revenue account includes tax payments made on tax accounts on or after the date the tax account becomes delinquent.
Exemptions:	The taxpayer may raise any defenses in writing under oath. If approved by the tax collector, the garnishment shall thereupon be discharged to the amount required by the defense.
Restrictions:	The County may not spend delinquent tax proceeds for any function without the approval of the unit's voters unless the General Assembly has authorized it to do so.

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$1,374,158	\$1,182,290	\$1,180,745	\$1,050,803	\$1,115,397

Interest on Delinquent Taxes

Department:	Tax Administration
Revenue Description:	Interest portions of tax payments made on tax accounts in delinquent status.
Legal Authorization:	G.S. 105-360
Fund & Account:	General Fund 10-1000-01-400025
Source:	Orange County tax payers with delinquent tax payments.
Authorized Use:	All General Fund expenditures.
Method of Collection:	Property tax bills are due September 1 and enter delinquent status if the amount billed remains unpaid after January 5 following the tax year. Registered classified motor vehicle taxes are due with vehicle registration and enter delinquent status if unpaid 30 days after the due date. Enforced collection of delinquent taxes and applicable fees, interest, and penalties begin immediately upon the account reaching the delinquent status. Legal actions to collect delinquent taxes may include, but are not limited to, garnishment of wages, attachment of bank accounts and rents, seizure and sale of personal property, and foreclosure and sale of real property.
Rate:	For real and personal property, interest accrues at the rate of two percent (2%) for the first calendar month and three-fourths percent (3/4%) for each subsequent month until paid. Interest for Registered Motor Vehicles begins accumulating at the rate of five percent (5%) the first month and three-fourths percent (3/4%) for each subsequent month until paid. Interest is not compounded.
Frequency:	For real and personal property, interest accrues on tax bills not paid on or before January 5 of the following year. Interest begins accruing at the time stated on the tax bill for registered classified motor vehicles.
Exemptions:	The taxpayer may raise any defenses in writing under oath. If approved by the tax collector, the garnishment shall thereupon be discharged to the amount required by the defense.
Restrictions:	A County may not spend property tax proceeds for any function without the approval of the unit's voters unless the General Assembly has authorized it to do so.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$587,842	\$502,501	\$439,256	\$429,337	\$489,836

Late List Penalties

Department:	Tax Administration
Revenue Description:	Penalties assessed by the County Tax Assessor for property not listed by the deadline.
Legal Authorization:	G.S. 105-312
Fund & Account:	General Fund 10-1000-01-400028
Source:	Orange County taxpayers with property listed after the deadline.
Authorized Use:	All General Fund expenditures.
Method of Collection:	Late penalties accrue if a property is not listed by the property owner by the January 31 deadline of the tax year.
Rate:	The penalty is ten percent (10%) of the amount of taxes due for each tax listing period the property was not listed, cumulatively.
Frequency:	Annually. The penalty begins on January 31 each year.
Exemptions:	The taxpayer may submit a request to the County Tax Assessor to waive penalties.
Restrictions:	This revenue carries the same restrictions and limitations as the ad valorem property tax levied each year.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$73,713	\$118,057	\$103,952	\$104,938	\$101,644

Article 39 Sales and Use Tax

Department:	General Government
Revenue Description:	One percent (1%) local-option sales tax levied by the County. This tax is collected and distributed by the State based on local retail and food sales.
Legal Authorization:	G.S. 153A-151 G.S. 105, Article 39
Fund & Account:	General Fund 10-1000-01-410000
Source:	Payments posted to this revenue account are received by Orange County from the North Carolina Department of Revenue.
Authorized Use:	All General Fund expenditures.
Method of Collection:	The tax is collected by the North Carolina Department of Revenue. The Secretary of the State allocates to each taxing County the net proceeds of this tax according to sales made at the point of delivery.
Rate:	The sales and use tax authorized is at the rate of one percent (1%) of the cost price of each item or article of tangible personal property that is used, consumed, or stored for use or consumption in the County.
Frequency:	Monthly (on the 20 th of each month).
Exemptions:	Exemptions are applied by the State per G.S. 105-467 , such as those for prescription medication; purchases made by local school administrative units; school construction materials; machinery; and chemicals used in research and development.
Special Requirements:	A County must divide the proceeds among the local government units within its territory either on a per capita or ad valorem basis. Orange County currently distributes this revenue on a per capita basis.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$8,384,641	\$8,961,080	\$9,353,401	\$9,950,445	\$10,563,292

Discussion

History

Article 39 is the original local-option sales tax authorized in 1971. The tax was set at one percent of eligible sales—the highest individual levy authorized. Article 39 Tax may only be levied in a County via a referendum or by a Board of County Commissioner’s resolution. Beginning with October 2003 Collections, Article 39 contains food tax as instructed in [G.S. 105-469](#). Beginning January 1, 2017, eligible sales expanded to include taxable repair, maintenance, and installation services of real property and digital property in addition to tangible personal property. A person whose only business activity is providing repair, maintenance, and installation services is considered a retailer and required to register, collect and remit tax on the retail sale of those services.¹⁰

All 100 counties in North Carolina currently levy this tax.¹¹

Distribution Method

Article 39 Sales and Use Tax is distributed on a point of delivery basis. The point of delivery allocation method distributes the revenue to the county in which goods are delivered. Point of delivery is typically where the sales transaction occurs. However, larger items such as construction materials may be delivered to the purchaser’s home or where the goods are to be used. The delivery site is where the sales taxes are credited for the sales tax collection, regardless of where the retailer is.¹²

¹⁰ www.dornc.com/taxes/sales/imprnotice0222_march1changes.pdf

¹¹ www.ncacc.org/DocumentCenter/View/1175

¹² www.ncacc.org/DocumentCenter/View/1175

Article 40 Sales and Use Tax

Department:	General Government
Revenue Description:	Article 40 sales tax is a one-half (½) cent tax on every retail dollar that it is collected based on statewide retail sales. Revenue is distributed to Counties based on the percentage of the state population residing within the County. This revenue source is earmarked for both County and school capital projects and debt service.
Legal Authorization:	G.S. 105, Article 40
Fund & Account:	General Fund 10-1000-01-410005
Source:	Persons who purchase retail items in Orange County. Payments posted to this revenue account are received by Orange County from the North Carolina Department of Revenue.
Authorized Use:	Thirty percent (30%) of revenue received by the County must be used only for public school capital outlay purposes or retirement of debt issued for these purposes. Remaining revenues received can be used for all General Fund expenditures.
Method of Collection:	The tax is collected by the North Carolina Department of Revenue. Net proceeds are placed in a statewide pool. The allocation of the net proceeds of the Article 40 sales and use tax to the taxing Counties is on an adjusted per capita basis, per G.S. 105-486 .
Rate:	The use tax authorized by Article 40 is a tax at the rate of one-half percent (½%) of the cost price of each item or article of tangible personal property that is used, consumed, or stored for use or consumption in the County.
Frequency:	Monthly (on the 20 th of each month).
Exemptions:	Exemptions are applied by the State per G.S. 105-467 , such as those for prescription medication; purchases made by local school administrative units; school construction materials; machinery; and chemicals used in research and development.
Special Requirements:	This tax can only apply to Counties that levy one percent (1%) sales and use taxes under Chapter 105, Article 39 . A County must divide the proceeds among the local government units within its territory either on a per capita or ad valorem basis. Orange County currently distributes this revenue on a per capita basis.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$5,892,572	\$6,461,675	\$6,819,674	\$7,037,136	\$7,387,872

Discussion

History

The 1983 General Assembly authorized Counties to levy an additional one-half percent (½%) local option sales tax. Article 40 was authorized as an added source of revenue to meet Counties and municipalities growing financial needs and to reduce reliance on other revenues, such as property tax.

When originally enacted, Counties were required to set aside forty percent (40%) for the first five (5) years of the levy and thirty percent (30%) for the next five (5) years. In 1998, the General Assembly enacted legislation to extend the County-required earmarks.¹³ Beginning January 1, 2017, sales tax was expanded to include taxable repair, maintenance, and installation services of real property and digital property, in addition to tangible personal property. An individual whose only business activity is providing repair, maintenance, and installation services is considered a retailer and required to register, collect and remit tax on the retail sale of those services.¹⁴

Distribution Equation

Article 40 Sales and Use Taxes are collected in a statewide pool and then allocated to the county area based on county population percentage after statutory adjustments. Statutory adjustments require the population proportion to be multiplied by an adjustment factor. The adjustment factor for Orange County is currently set at 1.15. This factor increases revenue that would be distributed to a County on a typical per capita basis.

The amount allocated to Orange County may be calculated using the following equation:

$$\begin{aligned}
 \text{Amount Allocated} &= (\text{Population Proportion}) \times (\text{Adjustment Factor}) \times \text{Net Revenue} \\
 \text{Amount Allocated} &= (0.14) \times (1.15) \times \text{Net Revenue} \\
 &\quad \text{*Population proportion as of 2014.}
 \end{aligned}$$

A County must divide the proceeds among the local government units within its territory either on a per capita or ad valorem basis. Orange County currently distributes this revenue on a per capita basis.

¹³ www.ncacc.org/DocumentCenter/View/1175

¹⁴ www.dorn.com/taxes/sales/imnotice0222_march1changes.pdf

Article 42 Sales and Use Tax

Department:	General Government
Revenue Description:	Article 42 sales tax is an additional one-half (½) cent tax on every retail and food dollar. Sixty percent (60%) of the tax must be allocated for school capital needs.
Legal Authorization:	G.S. 105, Article 42
Fund & Account:	General Fund 10-1000-01-410006
Source:	Payments posted to this revenue account are received by Orange County from the North Carolina Department of Revenue. These funds originate as a surcharge on the purchase of food and retail items in Orange County.
Authorized Use:	Consistent with G.S. 105-502 , the County must use sixty percent (60%) of the revenue amount received for public school capital outlay purposes and associated debt service as defined in G.S. 115C-426(f) . The remainder of the revenue amount can fund all General Fund expenditures.
Method of Collection:	Revenue is distributed to the County by the State. The Secretary of the State shall allocate to each taxing County the net proceeds of this tax via the point of delivery method.
Rate or Fee Schedule:	The use tax authorized by Article 42 is a tax at the rate of one-half percent (½%) of the cost price of each item or article of tangible personal property that is not sold in the taxing County but is used, consumed, or stored for use or consumption in the taxing County.
Frequency:	Monthly (on the 15 th of each month).
Exemptions:	Exemptions are applied by the State per G.S. 105-467 , such as those for prescription medication; purchases made by local school administrative units; school construction materials; machinery; and chemicals used in research and development.
Restrictions:	This tax can only apply to Counties that levy one percent (1%) sales and use taxes under Chapter 105, Article 39 . A county must divide the proceeds among local government units within its territory either on a per capita or ad valorem basis. Orange County currently distributes this revenue on a per capita basis.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$4,209,800	\$4,499,717	\$4,693,892	\$4,983,538	\$5,284,062

Discussion

History

The NC General Assembly authorized Counties to collect taxes under Article 42 beginning in FY 1986-87. For the purpose of additional supplemental sales tax, public school capital outlays are defined as: funds appropriated for school capital outlay; increases in County school capital reserve on funds; and funds used to make debt service payments on any school bonds issued after the date five years prior to the effective date of the sales tax. As originally enacted, the required amount of revenue to be spent on public school capital outlays would be phased out after 11 years. Legislation in 1998, however, mandated that sixty percent (60%) continue to be allocated toward these costs.

Article 42 was previously distributed based upon a County's population in relation to the state population total. Currently, Article 42 tax is distributed on a point of sale basis.¹⁵

Beginning January 1, 2017, sales tax was expanded to include taxable repair, maintenance, and installation services of real property and digital property in addition to tangible personal property. In addition, a person whose only business activity is providing repair, maintenance, and installation services is considered a retailer and required to register, collect and remit tax on the retail sale of those services.¹⁶

Distribution Information

Article 42 Sales and Use Tax is distributed on a point of delivery basis. The point of delivery allocation method distributes the revenue to the county in which the taxed goods are delivered. Point of delivery is typically where the sales transaction occurs. However, larger items such as construction materials may be delivered to the purchaser's home or where the goods are to be used. The delivery site is where the sales taxes are credited for the sales tax collection, regardless of where the retailer is.

A county must divide the proceeds among the local government units within its territory either on a per capita or ad valorem basis. Orange County currently distributes this revenue on a per capita basis.

¹⁵ www.ncacc.org/DocumentCenter/View/1175

¹⁶ www.dornrc.com/taxes/sales/improvement0222_march1changes.pdf

Transit Tax/Article 43 Sales and Use Tax

Department:	Orange Public Transportation
Revenue Description:	Go Triangle, formerly known as Triangle Transit Authority, is a regional transportation authority responsible for distribution of revenue generated from Article 43 Sales and Use Tax, also known as the Transit Tax. Go Triangle uses part of this money to reimburse Orange County for creation or expansion of public transit services.
Legal Authorization:	G.S. 105-508.2 G.S 160A-461 Interlocal Implementation Agreement
Fund & Account:	General Fund 10-4350-05-445015
Source:	Payments posted to this revenue account are received by Orange County from the Research Triangle Regional Public Transportation Authority, operating as Go Triangle. These funds originate as sales taxes levied in Orange County under Article 43 and are distributed to the County as reimbursements for new or expanded public transit services.
Authorized Use:	To support new services beyond transit system services in place at the time of the adoption of the local-option one-half cent sales tax (November 2012).
Method of Collection:	The tax is collected by the North Carolina Department of Revenue.
Rate:	In a given fiscal year, the total amount reimbursed to Orange County is dependent on the total cost of projects that expand or create new public transit services as defined by this Article.
Frequency:	Monthly (on the 20 th of each month).
Exemptions:	None.
Restrictions:	Transit service funds from Go Triangle cannot be used to cover transit maintenance costs.

Revenue History

Fiscal Year	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$0	\$16,110	\$80,320	\$416,770

GoTriangle Orange County Revenue History

Fiscal Year	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$6,146,653	\$6,241,176	\$6,854,396	\$7,344,263

Discussion

History

In August 2009, the NC General Assembly ratified the Congestion Relief and Intermodal Transport Fund Act, allowing Orange, Durham, and Wake Counties to generate new revenue for public transportation. These revenues include a one-half cent sales tax that can be levied in each county if approved by public referendum. A regional transportation public authority, known today as Go Triangle, was created to help administer these revenues and work on public transit service projects involving all three counties. The Orange County Bus and Rail Investment Plan was created to help expand transit services in Orange County in particular. Voters in Orange County approved the one-half cent sales tax in November 2012 to fund this plan.

While GoTriangle collects and administers Article 43 (and other transit tax) revenues, Orange County is entitled to reimbursements for projects that expand or create new public transit services.

Distribution Method

The revenues from Article 43 are allocated by the North Carolina Department of Revenue to GoTriangle, which then allocates a portion of that money to Orange County through reimbursements for projects that either offer new public transit services or expand existing ones.

*Note: Article 43 is accounted for as a part of intergovernmental revenues rather than sales tax on the County's General Ledger.

Article 44 Sales and Use Tax

Department:	General Government
Revenue Description:	This tax was repealed in November 2009. The county continues to accrue revenue from late filed returns, audits, and refunds.
Legal Authorization:	G.S. 105, Article 44
Fund & Account:	General Fund 10-1000-01-410007
Source:	Payments posted to this revenue account are received by Orange County from the North Carolina Department of Revenue. These funds originate as a surcharge on the purchase of food and retail items in Orange County.
Authorized Use:	All General Fund expenditures.
Method of Collection:	Revenue is distributed to the County by the State.
Rate:	The one-half (½) cent tax was repealed effective November 2009. Article 44 Sales and Use Tax still accrues revenues from late filed returns, audits, and refunds that affect tax periods prior to October 1, 2009.
Frequency:	Monthly (on the 20 th of each month).
Exemptions:	Exemptions are applied by the State per G.S. 105-467 , such as those for prescription medication; purchases made by local school administrative units; school construction materials; machinery; and chemicals used in research and development.
Restrictions:	This tax can only apply to Counties that levy one percent (1%) sales and use taxes under Chapter 105, Article 39 .

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$15,783	\$2,382	\$17,620	\$175,843	\$188,549

Discussion

History

In 2001, the NC General Assembly authorized the collection of Article 44 one-half percent (½%) sales and use tax. These additional revenues replaced state reimbursements for local tax base losses from the 1980s. All counties took action to impose Article 44, which permitted an accelerated levy and collections schedule.

In FY 2007-08, the General Assembly enacted the Medicaid Relief/Sales Tax Swap (House Bill 1473), which phased out the County's share of Medicaid expenditures FY 2007-08 to FY 2009-10. In exchange, the County ceded Article 44 sales tax to the State beginning October 1, 2009.

Article 44 tax was repealed effective November 2009.¹⁷

Distribution Method

As originally enacted, Article 44 was allocated under the established 50% per capita and 50% point of delivery.

Article 44 Sales and Use Tax is currently ceded to the state and repealed, but allocations are still distributed due to late filed returns, audits, and refunds that affect periods prior to October 1, 2009. Negative amounts will occur periodically as refunds are processed by the Department in the future.¹⁸

¹⁷ www.ncacc.org/DocumentCenter/View/1175

¹⁸ www.ncacc.org/DocumentCenter/View/1175

Article 44 Hold Harmless Provision

Department:	General Government
Revenue Description:	Hold harmless provision for the County if expected Article 44 Sales Tax receipts do not replace State reimbursements to local entities that were repealed.
Legal Authorization:	G.S. 105-521
Fund & Account:	General Fund 10-1000-01-410008
Source:	The North Carolina Department of Revenue.
Authorized Use:	All General Fund expenditures.
Method of Collection:	The North Carolina Department of Revenue reimburses the County with a hold harmless payment of the difference.
Rate:	Fifty percent (50%) of the amount a local government would have been entitled to receive during FY 2002-03 if the State had not withheld any distributions minus replacement revenues.
Frequency:	Annually. (On or before August 15, the Department of Revenue and the Fiscal Research Division of the General Assembly estimate the replacement revenue for the upcoming fiscal year.)
Exemptions:	None.
Special Requirements:	The Secretary of the State must pay the local government fifty percent (50%) of the difference, but not less than fifty dollars (\$50.00).

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$1,389,797	\$1,731,893	\$2,571,825	\$2,262,082	\$2,254,250

Discussion

History

Revenue outlined in this section was authorized as part of the Article 44 half-cent sales tax legislation in July 2003. This legislation created a hold harmless provision for local governments if expected Article 44 Sales Tax receipts do not replace State reimbursements to local entities that were repealed. The main tax that the General Assembly repealed was on business inventories. The hold harmless provision of the legislation expired after FY 2012-13. However, the NC General Assembly's FY 2013-15 biennial budget authorized one-half of the prior year amount to be disbursed in August 2013. This included a sunset provision to take effect September 30, 2013. The 2004 Appropriations Act (House Bill 1414) amended G.S. 105-521 by guaranteeing hold harmless payments through 2012. The Medicaid Relief Swap continues the Article 44 hold harmless through its existing sunset.¹⁹

Distribution Method

The Hold Harmless provision are distributed directly as replacement revenues. These replacement revenues are fifty percent (50%) of the amount of sales and use tax revenue distributed under [Article 40 Sales and Use Taxes](#) and twenty-five percent (25%) of the amount of sales and use tax revenue distributed under [Article 39 Sales and Use Taxes](#), 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](#).

¹⁹ www.ncacc.org/DocumentCenter/View/168

Franchise Tax

Department:	General Government
Revenue Description:	The Franchise Tax is levied upon persons and partnerships are for the privilege of engaging in business within the State of North Carolina.
Legal Authorization:	G.S. Chapter 105, Article 3 North Carolina House Bill 998
Fund & Account:	General Fund 10-1000-01-421000
Source:	Active and inactive (domestic and foreign) businesses with a Certificate of Authority to do business in North Carolina. Counties have the authority to grant franchises and charge licensing fees for the purposes of Solid waste collection/disposal (G.S. 153A-136).
Authorized Use:	All General Fund expenditures.
Method of Collection:	Corporations doing business both within and outside North Carolina are required to allocate a part of their capital stock, surplus, and undivided profits to their business in North Carolina in accordance with a statutory allocation formula.
Rate:	The franchise tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) and is applied to the largest of the three tax bases: capital stock, surplus, and undivided profits; fifty-five percent (55%) of appraised ad valorem tax value of all tangible property in North Carolina; or actual investment in tangible property in North Carolina. The franchise tax for holding companies may be no less than two hundred dollars (\$200) and no more than \$150,000.
Frequency:	Annually (Payments are posted to the revenue account on the 20 th of December, March, and June).
Exemptions:	Certain corporations, such as non-profit organizations, may be exempt from franchise taxes levied in Article 3 as outlined in G.S. 105-125 .
Special Requirements:	The amount determined for purposes of this tax cannot be less than fifty-five percent (55%) of appraised tax value of all tangible and intangible property in North Carolina nor less than the actual investment in tangible property in North Carolina.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$313,054	\$316,511	\$300,755	\$300,600	\$290,225

Discussion

History

The franchise tax is one of the State's oldest taxes, originating in 1849 as a tax on the capital stock of a corporation. From 1901-1913, tax rates were graduated and ranged from \$5 to \$500. In 1913, the tax rate was set at a percentage, equal to one hundredth of a percent (0.01%). In 1933, the rate was set at \$1.50 per \$1,000 or a fifteenth of a percent (0.15%). In June 2016, the NC General Assembly ratified Session Law 2016-6 (Senate Bill 726), which extended, and in some cases made permanent, provisions in the federal law, Protecting Americans from Tax Hikes Act of 2015 ("PATH").²⁰

²⁰ www.dor.state.nc.us/downloads/cd405.pdf

Education Lottery Proceeds

Department:	Finance and Administrative Services
Revenue Description:	The net proceeds from the North Carolina Education Lottery are used to provide funding for teacher salaries, school construction, Pre-K programs, and need-based scholarships and financial aid.
Legal Authorization:	Article 38A, G.S. Chapter 115C
Fund & Account:	General Fund 10 -8800-05-449916
Source:	Persons who purchase North Carolina Education Lottery tickets.
Authorized Use:	Debt Services and Public School Building Capital.
Method of Collection:	The funds remaining in the North Carolina State Lottery Fund after accrual of all obligations of the Commission for prizes and expenses (net revenues) shall be transferred to the Education Lottery Fund. This is approximately thirty-five percent 35% of the proceeds.
Rate:	The Commission allocates revenues to the North Carolina State Lottery Fund in order to increase and maximize the available revenues for education purposes on a per average daily membership basis.
Frequency:	Annually.
Exemptions:	None.
Special Requirements and Restrictions:	Orange County has special permissions to use allocations for Debt Service and Pay as You Go Capital Projects. Allocations cannot otherwise be used for school technology needs.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$1,325,356	\$1,221,162	\$1,443,135	\$1,351,438	\$1,357,688

Discussion

History

North Carolina was the only state on the East Coast without a lottery until August 31, 2005 when legislation creating lottery was signed into law. In September 2005, the North Carolina Education Lottery Commission was appointed. On March 30, 2006, the Education Lottery began retail sales. On October 19, 2005, the first transfer to beneficiary programs took place. On June 7, 2008, annual sales of Education Lottery tickets exceeded one billion dollars.²¹

Distribution Method

Orange County utilizes Education Lottery proceeds differently than other Counties. Orange County transfers the funds to Debt Service instead of the typical state designated distribution.

²¹ [North Carolina Education Lottery](#)

Medicaid Administration Reimbursement

Department:	Social Services
Revenue Description:	Orange County receives reimbursements from the North Carolina Department of Health and Human Services for administration costs associated with Medicaid.
Legal Authorization:	G.S. 108A-87 G.S. 130A-34.2 G.S. 108A-55
Fund & Account:	General Fund 10 -4030-05-499999 (See discussion section for list of additional Medicaid revenues.)
Source:	North Carolina Department of Health and Human Services (directly); United States Department of Health and Human Services (indirectly).
Authorized Use:	Reimbursement is for costs associated with the administration of Medicaid only.
Method of Collection:	Reimbursement claims are sent by the Orange County Department of Social Services to the North Carolina Department of Health and Human Services (NCDHHS).
Rate:	Funds received are dependent on the administrative staffing costs incurred for administrating Medicaid.
Frequency:	Monthly
Exemptions:	None
Special Requirements:	By February 15 of each year, the NCDHHS Secretary notifies the Board of Commissioners, the Manager, the Director of Social Services, and the Director of Public Health of each County of the amount of State and Federal funds estimated to be available to that County for programs of public assistance, social services, public health, and related administrative costs, as well as the percentage of County participation expected to be required for the budget for the succeeding fiscal year. (The notification is available online at: www2.ncdhhs.gov/dss/budget/estimates.htm .)

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$1,578,923	\$2,649,084	\$2,329,155	\$2,053,516	\$2,054,121

Discussion

History

Medicaid was established by the federal government in 1965 and officially began in North Carolina in 1970. Medicaid's primary function is to pay for medical assistance for eligible individuals and families in low-income households. Over time, the program has become a vital element of North Carolina's healthcare system. Overall, the number of North Carolinians eligible for Medicaid has continued to increase since the program's inception.

In 1977, the General Assembly attempted to reduce the costs of the program by eliminating its coverage of dental services. Dental coverage was reinstated in 1978. In 1984, Medicaid coverage expanded to include financially eligible pregnant women and children. By 1988, Medicaid also covered hospice services. The income threshold for pregnant women and infants in the program has since increased from 100% to 150% of the federal poverty level.

Federal welfare reform affected Medicaid coverage in 1998; the number of Medicaid eligible adults and children decreased substantially. However, by the next year, Medicaid in North Carolina added coverage for the aged, blind, and disabled who have incomes at or below 100% of the federal poverty level. As the size of the Medicaid program is projected to continue to grow every year, the amounts reimbursed to counties for providing Medicaid services will also increase.

Distribution Method

Medicaid is funded at both the Federal and State level. In North Carolina, part of the state's funding for Medicaid is to reimburse counties for program administration costs. Both the Orange County Department of Social Services and the Orange County Health Department file Medicaid administration cost reimbursement claims to the North Carolina Department of Health and Human Services. The departments are reimbursed for their claims.

Sources

[Medicaid Financing and Reimbursement History of Medicaid 1970-2007](#)

Additional Account Numbers from Top Revenues:

10-40-620-6250-03-00-430400
10-30-410-4140-05-00-443110-71402
10-30-410-4140-03-00-433700-71403
10-30-410-4140-05-00-443100-71406
10-30-410-4140-03-00-433700-71409
10-30-410-4140-03-00-433700-71414
10-30-410-4140-03-00-433700-71406
10-30-410-4140-05-00-443110-71412

Supplemental Nutrition Assistance Program Administration

Department:	Social Services
Revenue Description:	Formerly known as the Food Stamp Program, the goal of the Supplemental Nutrition Assistance Program (SNAP) is to provide low-income families with foods needed to have a nutritionally adequate diet. The Orange County Department of Social Services (DSS) helps determine eligibility criteria for citizens SNAP and receives reimbursements from the North Carolina Department of Health and Human Services to cover administrative costs associated with the program.
Legal Authorization:	G.S. Chapter 108 Article 5 G.S. Chapter 108 Article 2
Fund & Account:	General Fund 10-4030-05-442303
Source:	North Carolina Department of Health and Human Services; United States Department of Agriculture.
Authorized Use:	Funds are used for costs associated with administering the SNAP program.
Method of Collection:	Reimbursement claims are sent by the Orange County Department of Social Services to the North Carolina Department of Health and Human Services.
Rate:	Funds received are dependent on administrative staffing costs incurred in administering the program and participant costs in the Employment and Training program.
Frequency:	Monthly.
Exemptions:	None.
Special Requirements:	By February 15 of each year, the Secretary shall notify the County Board of Commissioners, the County Manager, the Director of Social Services, and the Director of Public Health of each County of the amount of State and federal funds estimated to be available to the County for programs of public assistance, social services, public health, and related administrative costs, as well as the percentage of County participation expected to be required for the budget for the succeeding fiscal year.

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$1,297,373	\$1,155,993	\$1,366,363	\$1,364,523	\$1,254,450

Discussion

History

In 2008, Supplemental Nutrition Assistance Program (SNAP) became the new name of the Food Stamp Program. Although most states have adopted the SNAP name in their administration of this federal program, it is known in North Carolina as Food and Nutrition Services. Other changes made to the program in 2008 include an increase in the minimum benefit and standard deduction, the elimination of the cap on dependent care deduction, and the exclusion of education and retirement accounts. The program has not undergone any significant legislative changes since.

Distribution Method

The United States Department of Agriculture (USDA) provides the North Carolina Department of Health and Human Services (NCDHHS) with funds to administer SNAP. The Orange County Department of Social Services (DSS) files reimbursement claims with NCDHHS to cover administration staffing costs related to the program. Orange County DSS administers benefits at the county level by reviewing applications and applying eligibility criteria. Qualified recipients receive benefits by way of Electronic Benefit Transfer (EBT) cards.

Sources

[History of SNAP](#)

[FNS Information](#)

[Information about states using names other than SNAP](#)

Temporary Assistance for Needy Families (TANF)/ Work First Program

Department:	Social Services
Revenue Description:	The purpose of North Carolina's Temporary Assistance for Needy Families (TANF) program, known as Work First, is to provide eligible families with short-term assistance to facilitate their movement to self-sufficiency through gainful employment. There are three categories of assistance: Work First Diversion Assistance, Work First Family Assistance, and Work First Services. Counties can choose to be designated as Electing or Standard Program. Orange County follows the Standard Program, meaning it models its Work First administration after the Work First State Plan developed by the North Carolina Department of Health and Human Services.
Legal Authorization:	G.S. Chapter 108 Article 5 G.S. Chapter 108 Article 2
Fund & Account:	General Fund 10-4002-05-442308 10-4030-05-442308
Source:	State – North Carolina Department of Health and Human Services (direct) Federal – United States Department of Health and Human Services (indirect)
Authorized Use:	As a TANF program, Work First must adhere to federal law and only use funds to meet one of these four purposes: <ol style="list-style-type: none"> 1. Assist needy families so that children may be cared for in their own homes or in the homes of relatives 2. Reduce dependence of needy parents by promoting job preparation, work, and/or marriage 3. Prevent or reduce the incidence of out-of-wedlock pregnancies 4. Encourage the formation and maintenance of two-parent families
Method of Collection:	Block grant received by the Orange County Department of Social Services from the North Carolina Department of Health and Human Services.
Rate:	Orange County Department of Social Services is reimbursed for administrative staffing costs and qualifying programmatic services.
Frequency:	Monthly.
Exemptions:	None.
Special Requirements:	Each county shall provide to the general public an opportunity to review and comment upon its County Plan prior to its submission to the North Carolina Department of Health and Human Services. Each county must maintain funding in Work First as defined by the North Carolina Department of Health and Human Services at one hundred percent (100%) of the county funds budgeted in the State Fiscal Year 1996-97 for the Aid to Families with Dependent Children program, the Aid to Families with Dependent Children Emergency Assistance program, and the Job Opportunities and Basic Skills Training program.

Revenue History (combined total)

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$1,328,177	\$1,284,430	\$1,181,360	\$1,355,459	\$1,215,631

Discussion

History

Created in 1997, Work First is North Carolina's Temporary Assistance for Needy Families (TANF) Program. The purpose of Work First is to provide parents with short term training and other services to assist in gaining employment and transitioning towards self-sufficiency. Guardians such as grandparents can also receive services and support to prevent children from entering the foster system. The program has not undergone any significant financial changes since its inception.

Distribution Method

The United States Department of Health and Human Services administers the TANF program on a national level, distributing TANF block grants to states. Each state receives \$16.5 billion. This number has remained the same since the program's creation in 1996. The North Carolina Department of Health and Human Services receives the block grant and distributes a share to each county. The Orange County Department of Social Services administers these funds at the county level.

Sources

[Work First Information](#)

[Work First State Plan 2016-2019](#)

Smart Start Subsidy

Department:	Social Services
Revenue Description:	<p>Subsidies for administrative staffing costs received from the State of North Carolina for Smart Start Program. Smart Start helps promote a beneficial workforce, productivity, and quality of life conditions by reducing the achievement gap for at-risk and underprivileged children, producing better outcomes in education, health, personal productivity and economic vitality.</p> <p>The State of North Carolina now administers the child care subsidy portion of this program and all related child care payments effective FY 2017-18.</p>
Legal Authorization:	G.S. 143B-168.12
Fund & Account:	General Fund 10-4002-05-442214 (administrative staffing costs) 10-4050-05-442215 (child care subsidies—no longer received by County)
Source:	North Carolina Department of Health and Human Services
Authorized Use:	Department of Social Services Smart Start Program Capital; Orange County Partnership for Young Children.
Method of Collection:	Direct appropriation from the State to the County for administrative staffing costs. Vendor payments are made directly from the State to child care facilities as of FY 2017-18.
Rate:	Orange County Department of Social Services is reimbursed for administrative staffing costs.
Frequency:	Annually.
Exemptions:	None.
Special Requirements:	None.

Revenue History (combined total)

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$1,018,310*	\$897,817*	\$821,478*	\$561,968*	\$32,201

*Prior years included subsidies distributed through the County.

Discussion

History

Smart Start was established in 1993 under Governor Jim Hunt as a state-wide, public-private partnership to help North Carolina children with school-readiness. In Fiscal Year 1993-1994, Smart Start began in North Carolina. The Partnership becomes the first in state to pioneer the new early childhood program; awarding over \$1 million in community grants. In 1999, the Smart Start Program and Partnership funding grew to nearly \$4 million state wide. Partnering agencies rose over 20% in match contributions.

On average, 340 children per month are served by subsidy with Smart Start funds. The target audience is from birth to age 5. Smart Start contributes to the local economy of Orange County by supporting small businesses, creating jobs and allowing parents the time to re-enter the workforce.

Child Care Subsidy

Department:	Social Services
Revenue Description:	Federal, state, and local funding used to provide low-income families with information and financial resources to find and afford quality child care. The State of North Carolina now administers this program and all childcare payments effective FY 2017-18.
Legal Authorization:	G.S. Chapter 143B, Part 10B
Fund & Account:	General Fund 10-4002-05-442205 (administrative staffing costs) 10-4050-05-442401 (subsidies—no longer received by County)
Source:	The North Carolina Department of Health and Human Services, Division of Child Development & Early Education (DCD).
Authorized Use:	Funds shall be used to assist low income families with information and financial resources to find and afford quality childcare.
Method of Collection:	State and federal funds are combined at the state level so the County Department of Social Services (DSS) receives a single annual allocation of funding. DSS staff is notified by the State Division of Child Development each year regarding the amount of funding they will receive for the next state fiscal year. This package is distributed by the Division of Social Services in February to County DSS directors.
Rate:	The rate is calculated by the following steps: <ol style="list-style-type: none">1) Each county's need for subsidy funds based on the number of children under age 11 with a parent or both parents working and whose family's income does not exceed 75% of state median income is estimated.2) This amount is adjusted by subtracting the amount of funding equal to 30% of the Smart Start allocation for that county which must be spent on subsidy services.3) Then the available subsidy funds are distributed based upon projected need figures. Since the need is greater than the amount of subsidy funding, each county receives a pro-rata share of the funding.4) The final formula allocations are adjusted to accommodate a hold harmless factor. The hold harmless factor requires that a County's allocation shall be no less than 90% of their base year FY 2001-02 initial Non-Smart Start Allocation.
Frequency:	Annually and at the end of the fiscal year, DCD may make a final allocation to the counties to match actual expenditures if funds are available
Exemptions:	None.
Special Requirements:	None.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$4,256,574*	\$4,637,287*	\$4,778,398*	\$3,662,409*	\$201,826

*Prior years included subsidies distributed through the County.

Discussion

History

Federal programs dramatically increased the size and scope of subsidized child care in North Carolina, beginning with the Title IV-A Family Support Act (FSA) implemented in 1990. FSA guaranteed child care for certain AFDC recipients to support their employment and/or education.

In 1996 at the federal level, the AFDC program was repealed and replaced with Temporary Assistance for Needy Families (TANF). The federal legislation that created the TANF Program allowed states to transfer unspent TANF funds to the Child Care and Development Fund to provide additional support for families as they move from welfare to work. In 1996, the Child Care and Development Fund was established when Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) consolidated the former Title IV-A At-Risk and Family Support Act child care funding with the Child Care and Development Block Grant.

In March 2010, DHHS introduced a new initiative entitled DHHS Excels. To support this initiative, applicants determined income eligible to receive means-tested benefits through the Food and Nutrition Services Program for which income eligibility is at or below 200% of federal poverty level are deemed income eligible for subsidized child care. The deeming of income eligibility for child care services through the Food and Nutrition Services Program became effective July 1, 2010.

Source: [North Carolina Department of Health and Human Services](#)

Distribution Method

North Carolina's Division of Child Development uses a combination of state and federal funds to provide subsidized child care services to eligible families through a locally administered state-supervised voucher system. Annually each county receives a combination of state and federal funding from the Division of Child Development for subsidized child care services.

If a family meets the eligibility criteria, the state of North Carolina pays a portion of the cost of child care. Parents are free to choose a child care arrangement that best fits their needs as long as the provider chosen participates in the Subsidized Child Care Program.

The amount the state pays for child care depends on the family's situational criteria, the family's income, and the cost of the child care provided.

IV-E General Subsidy (IV-E FC FED)

Department:	Social Services
Revenue Description:	Foster care and adoption assistance used to make payments on behalf of children who are not eligible for assistance from the State Adoption Fund, but are IV-E eligible.
Legal Authorization:	Title IV-E; G.S. 108A-49
Fund & Account:	General Fund 10-4050-05-442405
Source:	United States Department of Social Services.
Authorized Use:	Department of Social Services Foster Care and Adoption Assistance.
Method of Collection:	Federal financial participation in Title IV-E Assistance is tied to the State's approved Federal Medical Assistance Payment rate and the State and counties share equally in the non-federal share costs.
Rate:	<p>The General Assembly sets the standard for reimbursement for foster care maintenance payments. The standard is a graduated rate based upon the age of the child. The General Assembly raises the amount of these rates periodically. As Fiscal Year 2016-17, the Standard Foster Care Board Rates per month are:</p> <ol style="list-style-type: none"> 1) Children from birth through five years of age is \$475.00; 2) Children from six through twelve years of age is \$581.00; and 3) Children from thirteen through nineteen years of age is \$634.00.
Frequency:	Monthly.
Exemptions:	None.
Special Requirements:	None

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$274,938	\$286,175	\$261,193	\$221,102	\$265,274

Title IV-E Administration

Department:	Social Services
Revenue Description:	Reimbursement to the County for the administration of the Foster Care Program in Orange County.
Legal Authorization:	Title IV-E
Fund & Account:	General Fund 10-4002-05-442409
Source:	United States Department of Social Services.
Authorized Use:	Department of Social Services Foster Care and Adoption Assistance.
Method of Collection:	Appropriation from the Federal Government to the State to the County.
Rate:	An amount equal to the sum of the total amounts expended as found necessary by the County for the provision of child placement services and for the proper and efficient administration of the County, State, and Federal Plan.
Frequency:	Monthly.
Exemptions:	None.
Special Requirements:	None

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$372,971	\$505,264	\$505,066	\$546,005	\$638,406

Child Support Enforcement

Department:	Child Support Services
Revenue Description:	State grants associated with Child Support Services Enforcement.
Legal Authorization:	G.S. 110-128 through 110-142.2 G.S. 110-130.1(c) G.S. 52C-1-101 through G.S. 52C-9-901.1 42 U.S.C. 654B
Fund & Account:	General Fund 10-4400-05-441500 10-4400-05-441501
Source:	United States Office of Child Support Enforcement
Authorized Use:	Reimbursement is for roughly two-thirds (2/3) of salaries, operating expenses and other costs associated with child support enforcement services.
Method of Collection:	Appropriated by the Federal Government to the State, which then administers funds to the County.
Rate:	Counties decide their equitable allocation based on the size and scope necessary for their child support services programs to be able to provide federally-required services.
Frequency:	Annually.
Exemptions:	None.
Special Requirements:	None.

Revenue History (combined totals)

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$1,412,472	\$1,580,762	\$1,417,830	\$1,588,203	\$1,677,427

Low Income Energy Assistance Program

Department:	Social Services
Revenue Description:	Federally-funded program that provides for a one-time vendor payment to help eligible households pay home energy bills.
Legal Authorization:	G.S. 108A-25(a)(5) 10A NCAC 71V
Fund & Account:	General Fund 10-4000-05-442010
Source:	N.C. Department of Health and Human Services (NC DHHS) Low Income Energy Assistance Program (LIEAP); U.S. Department of Health and Human Services (US DHHS) Low Income Home Energy Assistance Program (LIHEAP).
Authorized Use:	Home energy services assistance for eligible households. Priority is given to households with elderly and disabled individuals. Orange County issues LIEAP payments to energy providers directly.
Method of Collection:	The North Carolina Department of Health and Human Services (NC DHHS) Division of Social Services applies for and receives LIHEAP funds from US DHHS for the purpose of administering the LIEAP program. The amount of funding granted to the State is decided by a federal formula which considers factors such as weather, fuel prices, and low-income population. Deposits posted to this revenue account are allocations of LIEAP funds from the State to the County.
Rate:	Determined by State.
Frequency:	Monthly (from December 31 to June 30).
Exemptions:	None.
Special Requirements:	Expenditures of federal administrative dollars cannot exceed ten percent (10%) of the County's total expenditures of federal service dollars for both LIEAP and Crisis Intervention Program (CIP). Additional funding for the program must originate from the County.

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$283,600	\$357,800	\$336,700	\$264,800	\$299,721

Discussion

History

Low Income Energy Assistance Program (LIEAP) funds provide assistance to low income households dealing with energy crisis (heating or cooling) by distributing benefits to vendors on behalf of eligible households. LIEAP is a component of the Low Income Home Energy Assistance Program (LIHEAP), a federally funded entitlement program established in 1981.

Distribution Method

A household may be eligible for Low Income Energy Assistance if the following is true:

- 1) The household has at least one U.S. citizen or non-citizen who meets eligibility criteria;
- 2) The household income does not exceed the set limit;
- 3) The household's reserves are at or below \$2,250; and
- 4) The household is responsible for its residential heating bills.

Priority in eligibility is given to disabled persons receiving services through the N.C. Division of Aging and Adult Services or households in which one of the members is age 60 or older.

[Low Income Energy Assistance Program](#)

www.acf.hhs.gov/sites/default/files/ocs/liheap_fact_sheet_031717.pdf

Orange County School District School Resource Officers

Department:	Orange County Schools Sheriff's Office
Revenue Description:	Funds to include need-based considerations for School Resource Officers in all elementary schools within Orange County Schools.
Legal Authorization:	Through a Contractual Agreement between the Orange County Sheriff's Office and Orange County Schools to provide School Resource Officers in all elementary schools.
Fund & Account:	General Fund 10-7100-05-449300
Source:	Orange County Schools
Authorized Use:	School Resource Officers in Orange County Schools' elementary schools.
Method of Collection:	Funds are received directly from the Orange County School District based on actual billing of staff time provided by the Orange County Sheriff's Office.
Rate:	Amount received is based on actual billing of staff time provided by the Orange County Sheriff's Office.
Frequency:	Annually.
Exemptions:	None.
Special Requirements:	None.

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$184,469	\$184,469	\$346,469	\$673,768	\$612,092

Discussion

History

After the events in Newtown, Connecticut in December 2012, the Orange County Sheriff's Office offered to place School Resource Officers at elementary schools as a precautionary measure. The initiative was so well received by parents, community members and school staff that the Orange County Board of Education and the Superintendent requested to have the elementary School Resource Officers become a permanent fixture in the Orange County School district.

Unlike the School Resource Officers in secondary schools, Elementary Schools Resource Officers are not funded directly by the Orange County Board of County Commissioners. As a result, the district agreed to fund this initiative by drawing from district funds.

Orange County Schools has been extremely proactive in its approach to school safety. In 2008, the district received the federal Readiness and Emergency Management in Schools (REMS) Grant, which provided funding for extensive training, evaluations and software. During this grant period, the district worked very closely with the Orange County Sheriff's Office to review school safety, evaluate procedures and implement trainings.

The district contracted with Safe Havens International to evaluate the safety and preparedness of each of the district's schools and buildings, and the district continues to take steps in implementing these recommendations.

Distribution Method

Orange County Sheriff's Office submits an invoice at the completion of each school year to the Orange County School District for School Resource Officer services provided in the elementary schools within the district. The Orange County School District then remits payment to Orange County for these services.

Alcoholic Beverage Control System Contributions

Department:	General Government
Revenue Description:	<p>The sale of alcohol in North Carolina is regulated by the North Carolina Alcoholic Beverage Control Commission, which creates a control plan to help counties administer the sale alcohol in their jurisdiction pending county citizens' approval. Transactions involving alcohol are facilitated by county and municipal Alcoholic Beverage Control boards.</p> <p>A substantial portion of revenue made from the sale of alcohol in Orange County belongs to the Orange County Government. It is the responsibility of the Orange County Alcoholic Beverage Control Board to distribute this revenue according to law.</p>
Legal Authorization:	G.S. 18B-805 G.S. 18B-804(b)(6)
Fund & Account:	General Fund 10-1000-05-449900 10-2120-05-442110 10-4201-05-449901 (Alcoholism Rehabilitation) 10-7150-03-438003 (Law Enforcement)
Source:	Orange County Alcoholic Beverage Control (ABC) Board
Authorized Use:	General Fund expenditures Alcoholism Rehabilitation expenditures Law Enforcement expenditures
Method of Collection:	Direct appropriation from the Orange County ABC Board to the Orange County General Fund.
Rate:	<p>The Orange County ABC Board determines the actual amount of contribution that can be made to the County based on statutory requirements, equivalent to the remaining gross receipts after all expenses, taxes, and required statutory expenditures.</p> <p>Retail prices are set by the North Carolina ABC Commission. This price is intended to meet the cost of the goods plus operating expenses.</p>
Frequency:	At least ninety percent (90%) of the estimated distribution shall be paid to the County by the local board within 30 days of the end of that quarter.
Exemptions:	None
Special Requirements:	<p>The Orange County ABC Board shall spend for law enforcement an amount set by the Board of County Commissioners which shall be at least five percent (5%) of the gross receipts remaining after deductions, as required by law.</p> <p>Each month, the Orange County Alcoholic Beverage Control Board shall pay to the Board of County Commissioners the proceeds from the bottle charge required by law. This money should be spent for the treatment of alcohol or substance abuse.</p>

Revenue History (combined total)

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$512,545	\$553,646	\$538,689	\$553,393	\$649,094

Discussion

History

The Orange County ABC Board was established under Chapter 18 of the North Carolina General Statutes and implemented by a County-wide election held February 3, 1959. The sale of mixed beverage in social establishments and restaurants was authorized by County-wide vote September 12, 1978. On April 17, 1979, the North Carolina General Assembly passed an act to expand the Orange County ABC Board from three to five members that would be appointed by the Board of Orange County Commissioners.

Distribution Method

By law, the gross receipts of the Orange County ABC Board must first go towards the treatment of alcohol or substance abuse as well as law enforcement before funds are appropriated to the County's General Fund.

Sources

[Session Laws Chapter 385](#)

Excise Stamp Tax

Department:	Register of Deeds
Revenue Description:	The excise stamp tax is applicable to any person conveying an interest in real estate in Orange County. The tax is levied on each instrument that transfers property from one person to another.
Legal Authorization:	G.S. 105-228.30
Fund & Account:	General Fund 10-3250-03-430202
Source:	Persons conveying an interest in real property in Orange County.
Authorized Use:	All General Fund expenditures.
Method of Collection:	The transferor must pay the tax to the County Register of Deeds in which the real estate is located before recording the instrument that denotes the transfer of property. If the instrument transfers a parcel of real estate lying in two or more counties, however, the tax must be paid to the register of deeds of the county in which the greater part of the real estate with respect to value lies.
Rate:	The tax rate levied on each instrument that transfers property is two dollars (\$2.00) for every thousand dollars (\$1,000.00) or fractional part thereof of the consideration or value of the interest being transferred.
Frequency:	Monthly
Exemptions:	This tax does not apply to any of the following transfers of an interest in real property: <ol style="list-style-type: none"> 1) By operation of law. 2) By lease for a term of years. 3) By or pursuant to the provisions of a will. 4) By intestacy. 5) By gift. 6) If no consideration is due or paid. 7) By merger, conversion, or consolidation. 8) By an instrument securing indebtedness.
Restrictions:	None

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$841,265	\$759,187	\$1,170,719	\$1,264,989	\$1,194,357

Discussion

History

Effective January 1968, the excise stamp tax was added to North Carolina General Statutes after the federal government repealed the federal tax on transfers of real estate, allowing states to enact similar laws that suited their own specific jurisdictions. Starting in 1994, the portion of the tax proceeds remitted to the state was used primarily to fund the newly created Parks and Recreation Trust Fund. In 1995, monies were also used to support the Natural Heritage Trust Fund. Effective 2013, remittances to the state are no longer earmarked for both the Parks and Recreation Trust Fund and the Natural Heritage Trust Fund.

Distribution Method

The individual selling the property must first pay excise stamp tax to the Orange County's Register of Deeds. The Register of Deeds then remits proceeds to the County's Finance Officer. The finance officer distributes half of the money to the County's General Fund. The remaining funds, minus the County's allowance for administrative expenses and any taxes that must be refunded, are remitted to the North Carolina Department of Revenue.

Register of Deeds' Fees

Department:	Register of Deeds
Revenue Description:	The fees associated with the services of Orange County Register of Deeds.
Legal Authorization:	G.S. 161-10 G.S. 161-11.1 G.S. 161-11.2 G.S. 161-50.2
Fund & Account:	General Fund 10-3250-03-430200
Source:	Persons who utilize services of the Register of Deeds.
Authorized Use:	All General Fund expenditures.
Method of Collection:	The Register of Deeds collects fees directly after performing services.
Fee Schedule:	<p>All Various uniform fees are determined by G.S. 147-54.3 and G.S. 161-10.</p> <p>The fees for uncertified copies of instruments are determined by the Register of Deeds in relation to the quality of copies supplied and cost of purchasing and maintaining equipment.</p> <p>For performing miscellaneous services, such as faxing documents, providing laminated copies of documents, expedited delivery of documents, and similar services, fees are the costs of the services.</p>
Frequency:	Fees are collected prior to filing, registration, recording, certification or other service rendered by the Register of Deeds.
Exemptions:	None.
Restrictions:	<p>The fees set forth by G.S. 161-10 are complete and exclusive. No other fees shall be charged by the Register of Deeds.</p> <p>Four and a half percent (4.5%) of the fees collected are to be remitted monthly by each County to the State in order to fund the Registers of Deeds' Supplemental Pension Fund.</p>

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$542,516	\$556,828	\$597,519	\$628,734	\$624,648

Emergency Medical Charges

Department:	Emergency Services
Revenue Description:	The fees associated with County Emergency Medical Services (EMS), including use of ambulance response, transport, and life-saving medical care.
Legal Authorization:	G.S. 131E-155 G.S. 143-513 Orange County Code of Ordinances Article IV
Fund & Account:	General Fund 10-7575-03-438500
Source:	Persons provided with emergency medical care in Orange County.
Authorized Use:	All General Fund expenditures.
Method of Collection:	The Revenue & Collections Division of the Tax Office collects this revenue from persons who utilized the services.
Fee Schedule:	Paramedics respond to all 911 calls for EMS with patient assessment at no charge; however treatment at the scene, without transport, by the paramedic is billed at \$150 to \$225 depending on the level of treatment. If Basic Life Support (BLS) or Advanced Life Support (ALS) ambulance transportation to a hospital is required, the total fees for service range from \$375 to \$575 depending on the level of life support and type of transportation.
Frequency:	Payment is due 30 days after the billing date.
Exemptions:	None.
Restrictions:	No service shall attempt to collect rates on emergency calls until the patient has reached the point of destination, has received medical attention and is in a condition deemed by the physician fit to consult with the service.

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$2,719,497	\$2,840,327	\$2,421,587	\$2,876,199	\$3,283,176

Investment Earnings

Department:	Finance and Administrative Services
Revenue Description:	Investment earned on idle cash balances.
Legal Authorization:	G.S. 159-30
Fund & Account:	General Fund 10-1000-01-460000
Source:	Obligations of the U.S., North Carolina Capital Management Trust, and Prime Quality A1, P1, or F1 Commercial Paper
Authorized Use:	All General Fund expenditures
Method of Collection:	Credited to County accounts by financial institutions
Rate: or Fee Schedule:	Varies interest rates based on the security purchase, maturity and prevailing interest rate environment
Frequency:	Various short-term maturities
Exemptions:	North Carolina Permitted Investment Statutes
Restrictions and Special Requirements:	Diversification of assets and deployment of an investment strategy which prioritizes Safety, Liquidity and Yield.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$9,738	\$15,886	\$151,391	\$437,171	\$800,469

Discussion

History

North Carolina G.S 159-30 and the County Investment Policy adopted April 2011 provides guidance for investing idle County cash balances. The Finance Director is charged with investing idle cash balances and deploys a laddered investment strategy. This strategy includes reviewing and matching County disbursement requirements with security maturities as a means to maximize investment earnings given the increasing yield curve and the Federal Reserve Board of Governors Dot Chart.

Distribution Method

Investment earnings are remitted by financial institutions which include the North Carolina Capital Management Trust, custody bank and nationally recognized and licensed broker-dealers.

E-911 Subscriber Charge

Department:	Emergency Services
Revenue Description:	Monthly subscriber charge on wirelines, wireless and Voice over Internet Protocol (VoIP)
Legal Authorization:	G.S. 143B-1400 through G.S. 143B-1416
Fund & Account:	E-911 Fund 35-7551-03-499999
Source:	Subscriber wirelines, wireless, and VoIP.
Authorized Use:	E-911 revenue permissible use are for the lease, purchase, or maintenance of emergency telephone equipment, addressing, telecommunications furniture, dispatch equipment located exclusively in a building where a public safety answering points (PSAP) is located (but not the costs of base station transmitters, towers, microwave links, and antennae used to dispatch emergency call information from the PSAP). Revenue may also be used to fund nonrecurring costs of establishing a 911 system; training expenditures for 911 personnel on operations and maintenance of the 911 system; and charges associated with the service supplier's 911 service and other service supplier recurring charges.
Method of Collection:	The North Carolina 911 Board levies a fee on each active voice communications service connection (defined as each telephone number assigned to a residential or commercial subscriber). Each voice communications provider remits funds to the North Carolina Department of Revenue (NCDOR). Payments posted to this revenue account are from NCDOR to the County.
Rate/Fee Schedule:	\$0.70 per subscriber line.
Frequency:	Monthly (on the 20 th of each month).
Exemptions:	Not applicable.
Restrictions and Special Requirements:	A public safety answering point (PSAP) that receives a distribution from the 911 Fund may not use the amount received to pay for the lease or purchase of real estate, cosmetic remodeling of emergency dispatch centers, hiring or compensating tele-communicators, or the purchase of mobile communications vehicles, ambulances, fire engines, or other emergency vehicles.

Revenue History

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount	\$486,246	\$562,498	\$510,428	\$534,612	\$595,351

Occupancy Tax

Fund/Department:	Visitors Bureau
Revenue Description:	Lodging Excise Tax
Legal Authorization:	North Carolina General Statute 153A-155
Fund & Account:	Special Revenue Fund 37-6005-03-499999
Source:	Lodging, hotel/motel, room rental or similar accommodations within the County.
Authorized Use:	Tax proceeds must be used for expenditures which promote tourism and travel within the County and accounted for in a Special Revenue Fund.
Method of Collection:	Remitted by each business to the County Tax Administration Office
Rate: or Fee Schedule:	Three percent (3%) on the gross receipts from the rental of any room, lodging, or similar accommodation within the County which is subject to the County sales tax.
Frequency:	Monthly (on or before the 15 th of each month).
Exemptions:	Accommodations furnished by nonprofit organizations, private residence or cottage that is rented for less than 15 days in a calendar year or to any room, lodging; or accommodation supplied to the same person for a period of 90 continuous days or greater.
Restrictions and Special Requirements:	See Exemptions above.

Revenue History

<i>Fiscal Year</i>	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>
Amount	\$1,257,874	\$1,357,705	\$1,477,668	\$1,492,194	\$1,581,745

Discussion

History

Senate Bill 622, Chapter 392 of the 1991 Session Laws, authorized the Board of County Commissioners by resolution to levy a room occupancy tax of up to three percent on gross receipts derived from the rental of any room, lodging, or similar accommodation in the County subject to sales tax under G.S. 105-164.4(a)(3).

The Board approved increasing the Occupancy Tax from 2% to 3% on May 1, 2008 with an effective date of July 1, 2008. This tax supports the Orange County Visitors Bureau and visitchapelhill.org, including promotion of tourism and travel throughout Orange County.

Under G.S. 153A-155 and G.S. 160A-215, local occupancy taxes apply to the same taxpayers that are subject to state sales taxes on accommodations mandated by G.S. 105-164.4(a)(3). Local occupancy taxes apply to the rental of all accommodations, excluding:

- Privately owned residence/cottage rented for fewer than 15 days per year (unless the residence is listed with a rental agent, in which case the rental revenue is subject to occupancy taxes regardless of how many days the residence is rented during the year);
- Rentals of more than 90 continuous days;
- Accommodations related to schools or camps that charge tuition or fees for enrollment; and
- Local governments do not have the authority to create additional exemptions from their occupancy taxes.

The Occupancy Tax rate varies by local governments but most are limited to a statutory rate between three percent (3%) to six percent (6%). The tax revenue must be distributed to the local tourism development authority for use promoting travel and tourism in the area.

The penalties for the failure to pay occupancy taxes are specified in the local bill. The County penalty is \$10 per day for failure to pay by the due date and five percent (5%) per month for failure to file. Both penalties are based on the amount of tax owed, and may include other penalties specified in attachments, garnishments, levies, set-off debt collections, civil suits, and criminal misdemeanor prosecutions.

Distribution Method

Businesses self-report to the County Tax Administration Office and municipal jurisdiction. A hotel in Chapel Hill remits three percent (3%) to the County Tax Administration Office and three percent (3%) to the Town of Chapel Hill.

Sources

NC Statutes and UNC School of Government