

Brunswick County Media Release



For immediate release: 7/17/15
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Pending state legislation to impact Brunswick County, municipalities

Bolivia, NC ó Two items of pending North Carolina legislation have the potential to cause negative financial impacts to Brunswick County and its municipalities.

One bill, introduced in the House, would exempt builders from paying property taxes on some inventory for several years, with no later repayment. The other, a proposal to distribute sales tax revenue across the state based more on population counts and less on the location of the sale, would adversely impact counties like Brunswick with tourism-driven economies.

The most recent sales tax proposal was included in the Senate budget, and like several sales tax bills proposed this year, may negatively impact Brunswick County and its municipalities.

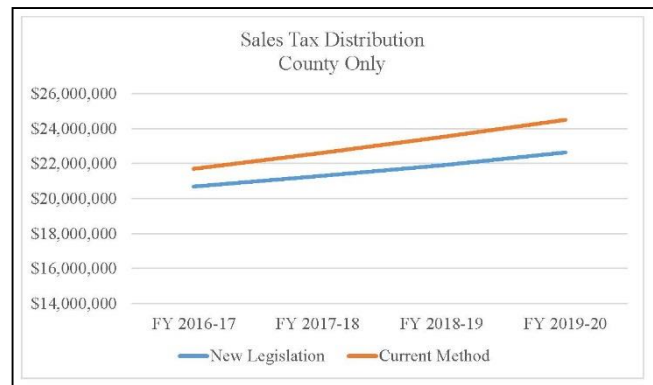
Using information from the Fiscal Research Division, Brunswick County Finance staff projected Brunswick County's growth and projected sales tax revenue in future years under the current distribution method. Staff then compared that amount to the projections in the latest sales tax proposal.

County Only			
	New Legislation	Current Method	Difference
FY 2016-17	\$20,688,839	\$21,694,457	(\$1,005,618)
FY 2017-18	\$21,278,797	\$22,577,307	(\$1,298,510)
FY 2018-19	\$21,900,747	\$23,515,667	(\$1,614,919)
FY 2019-20	\$22,632,470	\$24,497,047	(\$1,864,577)
Totals	\$86,500,853	\$92,284,477	(\$5,783,624)

The most recent projections include a growth rate for Brunswick County of 3.5 percent. Brunswick County's fiscal year 2014-15 sales tax

growth is projected to be 10 percent, and the county's recent history of growth in sales tax revenue has been between 6 and 12 percent.

Some of the state-provided models showing projected revenue also include assumptions that Brunswick County Commissioners would propose two quarter-cent sales tax referenda, and that these referenda would be passed at an election.

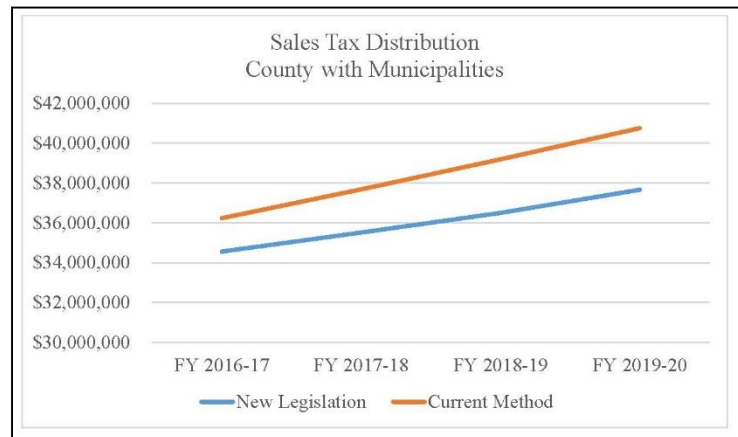


County with Municipalities			
	New Legislation	Current Method	Difference
FY 2016-17	\$34,550,499	\$36,229,888	(\$1,679,389)
FY 2017-18	\$35,512,011	\$37,679,083	(\$2,167,072)
FY 2018-19	\$36,495,163	\$39,186,247	(\$2,691,083)
FY 2019-20	\$37,651,755	\$40,753,696	(\$3,101,941)
Totals	\$144,209,428	\$153,848,914	(\$9,639,486)

The latest projections show Brunswick County government losing more than \$1 million a year from fiscal year 2016-17 through fiscal year 2019-20, compared to the county's projections under the current sales tax

distribution method, if current trends continue. In 2019-20, Brunswick County is projected to lose \$1.86 million under the proposed method.

Those numbers are even greater when factoring in Brunswick County's municipalities. Brunswick County and its municipalities combined will lose a total of \$9.64 million between fiscal year 2016-17 and fiscal year 2019-20 with the proposed sales tax legislation, compared to projections under the current sales tax method, if current trends continue.



Another bill, House Bill 168 or Exempt Builders' Inventory, would also reduce Brunswick County's tax revenue by allowing for a tax exemption for properties held for sale by builders. The bill includes an exemption, not a deferment, of commercial and residential property meeting certain requirements for up to five years.

The deferment would apply to the value of some commercial property, including subdivision and land improvements, until issuance of a building permit or sale of the property, according to analysis by the North Carolina Association of County Commissioners. Residential property improvements to land and buildings would be exempt until sale. The most recent version of the bill even removed the requirement that, to qualify for the exemption, a builder be a licensed general contractor.

The commercial exemption would apply for a maximum of five years, while the residential exemption would apply for a maximum of three years.

Though amounts vary each year, Brunswick County could lose an estimated \$1.5 million in property tax revenue each year under the proposed legislation.

House Bill 168 passed the House in June, and was sent to the Senate for approval. The bill has been referred to the Senate Finance and Appropriations committees.

In April, the Brunswick County Board of Commissioners passed resolutions opposing House Bill 168, and another opposing one of several bills introduced to modify the sales revenue distribution. Both resolutions decried the loss of revenue to local governments that would result from the legislation in question. If both bills were to become law in their current form, Brunswick County would lose an estimated \$2,505,618 in revenue, equivalent to 1.1481 cents on the county's current property tax rate, with no corresponding decrease in unfunded expenses mandated by the state.

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