# FY 15-16 Revenue Projections

## North Carolina League of Municipalities

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# Executive Summary

**Please read through the entire memo for important caveats and context related to each of the League's projections for the revenue sources listed below.** However, we have collected all of the projections in the memo in the table below for your reference and for simplification purposes. The hyperlinks will direct to the section of this document that provides further information. These are all statewide projections, and as is explained in the memo below, your local economic conditions may dictate deviations from these statewide forecasts.

| Revenue Source | Projected Change from FY13-14 to FY 14-15 | Projected Change from FY14-15 to FY15-16 |
|---|---|---|
| Local Sales Tax | 7.5% | 4.0% |
| Powell Bill | n/a | <-1.0% |
| Electricity Sales Tax | 30.0% | 2.0% |
| Telecommunications Sales Tax | - 1.5% | - 3.0% |
| Sales Tax on Piped Natural Gas | - 35.0% | - 2.0% |
| Solid Waste Disposal Tax | 5.5% | 2.5% |
| Local Video Programming Revenues | 1.5% | - 2.0% |
| Beer and Wine Taxes | 5.0% | 3.0% |

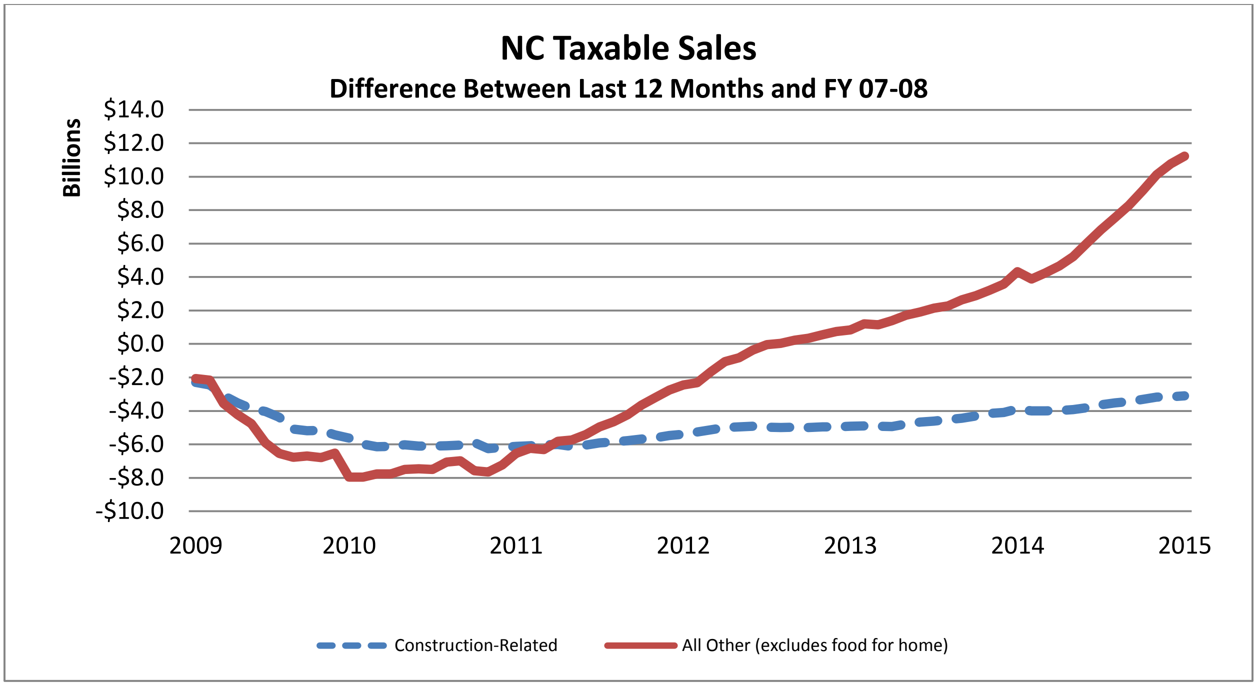
Any questions related to this document should be directed to Chris Nida, Director of Research & Policy Analysis. For your convenience, this document also includes NC Department of Revenue contacts for any other questions. Special thanks to Cindy Matthews of the Local Government Division in the N.C. Department of Revenue for her assistance in preparing this document.

# Overview

This memo arrives at a time of revenue uncertainty for many cities and towns in North Carolina. Despite encouraging performance from the local sales tax and an economy whose recovery from the recession of 2008 seems to be ever-strengthening (more on both of those below), several legislative proposals have municipal officials questioning their future revenue streams. Of most concern are proposals to significantly alter the distribution of local sales taxes in North Carolina, though legislative changes to the motor fuels tax and the property tax payments of improved properties have the potential to impact local revenues as well. Given the bills that have been filed in this regard, concerns are understandable.

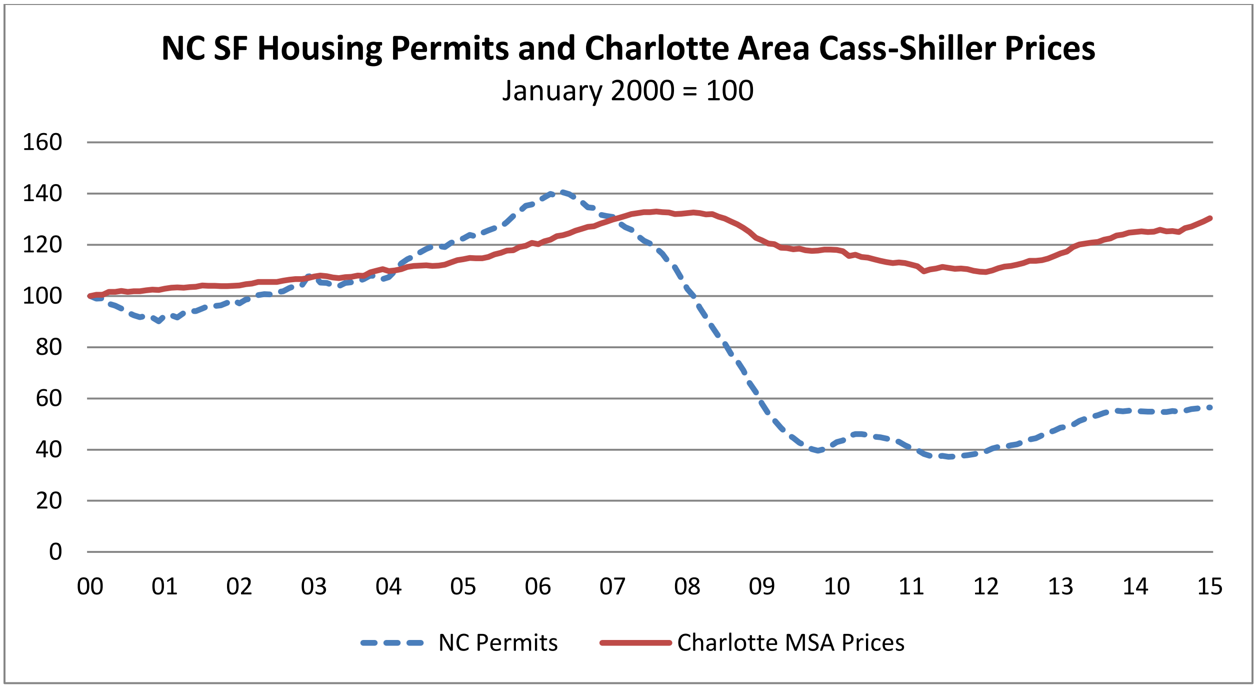
As always, this memo assumes no future legislative changes to local revenues will be made. That is not a commentary on the legislative prospects of any bills that have been filed thus far, nor is it meant to be construed as a prediction of what the state and local revenue structure may look like a few months from now. Rather, it is a reflection of the fact that it is early in the legislative session, and few bills materially affecting municipal revenues have received legislative hearings to date. If and when legislative changes are made that affect the prospects for municipal revenues, we will let you know and update this memo accordingly. We would encourage you to email LeagueLINC@nclm.org if you are not on the mailing list for our weekly legislative bulletin and would like to begin receiving it. But absent the passage of any legislation, this memo will focus only on the current situation and what we know about the current economy.

And what we know about the current economy is almost all positive. Recovery from the 2008 recession has been sluggish, but particularly in North Carolina it has shown indications of picking up within the last year. Consumer confidence continues to rise. The unemployment rate has steadily decreased, so that its current rate of 5.3 percent sits below that of the national average. According to the Bureau of Labor Statistics, as of February 2015, North Carolina's total nonfarm employment has increased 3.3 percent above its level at the same time last year. As seen in the table on the next page, outside of the construction industry, taxable sales have risen above pre-recession levels and continue to rise.




The construction industry is a significant economic indicator, and the fact that sales related to it have still not reached pre-recession levels is a concern. However, the industry is trending in the right direction, albeit slowly. Total employment in the construction industry is up 8.8 percent over the same time period last year, and multiple state-level forecasts expect single-family home construction and general construction activity to increase in North Carolina in the months ahead. Construction activity plays a significant role in local sales taxes, and while the severe weather of the early part of this year likely set it back somewhat, the continued recovery of that industry in the months ahead bodes well for the North Carolina economy.

The table below compares the statewide level of single-family building permits issued to the Cass-Shiller housing price index for the Charlotte metro area (the only monthly price index for the state). Single-family housing permits leveled off somewhat in 2014 but have increased recently, while home prices continue to rise. Recovery in the construction sector may continue to happen more slowly than it has in other sectors of the economy, but as long as recent trends hold true and statewide projections are accurate, we can expect to see more construction-related sales and single-family home constructions in the year to come.




As with all of the projections below, but perhaps even more so in the case of construction, your local situation may vary widely from the statewide projections. The number of people seeking housing and the availability of housing will continue to be key factors on the demand side of the housing market. To the extent possible, please always incorporate knowledge of your local situation into any projections you make for the coming year. You will be most aware of your specific local situation and should take that into account when considering to what extent your local projections should differ from the statewide projections presented below, particularly in terms of those revenues that are most affected by construction and housing.

# Cautionary Note

The estimates included in this document should be used **only as a rough guide** in preparing your Fiscal Year 2015-16 proposed budget. The revenue change figures should be modified as necessary to fit your local situation, its actual trends, and your own assumptions about the effects of economic and political factors. Revenue estimates are always subject to error, especially for taxes that fluctuate widely based on unpredictable factors such as long-term weather conditions. Our goal is to provide municipalities with a reasonable projection of where State-collected revenues are heading. **Please read the entire document because any caveats about the estimates are as important as the estimates themselves.**

These estimates also assume that the General Assembly will make no changes in 2015 to the formulae that govern municipal shares of State-collected revenue. **Please continue to pay close attention to the League's Legislative Bulletins throughout the session for updates on the state of any legislation.** If our revenue estimates change materially prior to July 1 due to economic circumstances or legislative action, we will advise you of the changes.

# Local Government Sales Taxes

## Local Sales Tax Estimates

Local sales tax collections, which closed Fiscal Year 2013-14 strong, have remained perhaps even stronger in Fiscal Year 2014-15. Through the first six months of FY14-15, sales tax distributions were up a robust 12.4 percent over the same period in FY13-14. And while there is still variance as to where this growth is taking place geographically, unlike past years, the growth on a county by county basis was almost universally positive. Only one county had received less in sales tax distributions than it had through the same time period in FY13-14; 8 counties had experienced growth between 2 and 5.9 percent, and 91 counties had seen sales tax distributions grow by at least 6 percent.

There is reason to believe that this level of growth will not hold true through the remainder of the fiscal year. On the positive side, most economic indicators remain strong, and a wide range of projections are bullish about the performance of the North Carolina economy in the months ahead. However, sales tax distributions to date have not yet taken into account the state's harsh weather early this year, which likely affected both retail sales and construction activity, the latter of which is a major driver of sales tax collections. Perhaps more significantly, the sales tax base expansion that took place as part of the tax reform efforts of 2013 did not take effect until Jan. 1, 2014, meaning that some of the growth thus far is likely due to base expansion that had not yet occurred in the first half of FY2013-14. Taking all these factors into account, **we expect that FY14-15 statewide sales tax distributions will be 7.5 percent above FY13-14 distributions.**

As mentioned above, projections for the coming year are generally positive. The combination of lagging job growth finally catching up to the rest of the economy, strong performance in the construction sector, optimistic projections in retail, and expectations of relatively low energy prices have many predicting a strong year for the economy, both nationally and in North Carolina specifically. The state's consensus revenue forecast projects sales tax growth of over 5 percent. While there is not necessarily any reason to argue with any of these indicators individually, maintaining the strong sales tax growth we have seen in recent months is difficult (though not unprecedented historically). We opt to be more conservative in our projections for the coming year, and **we expect that FY15-16 statewide sales tax distributions will be 4.0 percent above FY14-15.** As always, local conditions should dictate to what extent you adjust the statewide number for your particular jurisdiction. Local construction activity can impact these projections. If you are seeing an increase in construction starts and/or building permits in your jurisdiction, then you may want to consider whether that activity warrants local deviation from these statewide projections.

For budget estimation purposes, we assume that each municipality accrues the September 15 sales tax distribution to the prior fiscal year. Therefore, the FY 15-16 sales tax forecast year runs from the October 15, 2015 distribution through the September 15, 2016 distribution, reflecting July 2015 through June 2016 retail sales.[1]

In the past, these percentages could be applied to the Article 40 and 42 taxes and the per capita portion of Article 44 to determine the expected future amounts for those taxes. This calculation has been made more complicated by the elimination of the Article 44 tax over the course of two years, the conversion of the Article 42 tax to a point of sale distribution, and the creation of a City Hold Harmless payment to ensure that neither of these changes would affect municipal revenues.

## Sales Tax/City Hold Harmless Calculator

To estimate changes in your sales tax and city hold harmless distributions, you can use the League's sales tax calculator spreadsheet. For split cities, you must calculate the sales tax for each county separately. The calculator will provide much of the data that you need, but there are several figures that you must provide:

1) **Your estimate of the rate of growth in sales for your county (or counties) for Fiscal Year 2014-15.** The spreadsheet will indicate the county growth rate so far this year and the statewide growth rate. Use these rates to decide what, if any, difference you expect there to be between the forecasted statewide sales tax growth rate of 7.5 percent and the expected rate of growth in your county. Changes in construction activity, employment, and the number of businesses in the county all will have an effect on the

[1] Because of the change from quarterly to monthly sales tax distributions, the Local Government Commission (LGC) encourages the use of a 90-day period for determining if revenues are available. By extending the accrual period from 60 to 90 days, the September 15 sales tax distribution can be accrued. This meets GASB 33 measurement focus requirements. Please refer to memo #1015 "Recognition of Sales Tax and Other Revenues at Year-End," issued by the LGC on March 31, 2004, for further details and guidance. [https://www.nctreasurer.com/slg/Memos/1015.pdf]

rate at which sales taxes will grow or decline. Sales tax growth also can be affected by significant one-time events, such as destructive storms, heavy snowfalls that limit travel, or tourism events that do not occur every year. Those factors also should be taken into account when adjusting the statewide change percentage to local circumstances. Finally, if your municipality is located in a small county, recognize that sales taxes in these counties can change dramatically from one year to the next due to a small number of large purchases in one year that may lead to a high rate of increase in that year and a large rate of decrease in the next.

2) **Your estimate of the rate of growth in sales for your county (or counties) for Fiscal Year 2015-16.** The spreadsheet will indicate the forecasted statewide growth rate. You will need to decide what, if any, difference you expect there to be between the forecasted statewide rate and the rate of growth in your county. Changes in construction activity, employment, and the number of businesses operating in the county all will have an effect on the rate at which sales taxes will grow or decline. Sales tax growth also can be affected by significant one-time events, such as destructive storms, heavy snowfalls that limit travel, or tourism events that do not occur every year. Those factors also should be taken into account when adjusting the statewide change percentage to local circumstances.

3) **Your municipality's share of your county's FY14-15 sales taxes.** These figures are available from the monthly sales tax distribution reports, available on the DOR website at http://www.dornc.com/publications/reimbursement.html.

4) **Your municipality's estimated share of your county's FY15-16 sales taxes.** For *ad valorem counties,* a large tax increase or decrease by another unit of government in your county for FY14-15 may result in a change in your percentage for the FY15-16 allocations. For *per capita counties,* an annexation of population by your municipality or by another in the county, effective between July 1, 2014, and July 1, 2015, may change your municipality's percentage.

## County Sales Tax Distribution Method

Every April, counties can change the method of distributing local option sales tax revenues within the county, either from per capita to proportion of ad valorem tax levies, or the other way around. The method chosen by the county board of commissioners determines the division of money within a county area among county and municipal governments for the next year. Population or tax levy changes might make some counties take a close look at the current distribution method to see if it is still advantageous to them. Cities and towns need to prepare for possible county changes in distribution methods during April 2015. **A change in the distribution method made by a county in April 2015 will become effective for the distribution made in July 2015. As a result, it will affect both your Fiscal Year 2014-15 and Fiscal Year 2015-16 sales tax revenues.**

# Powell Bill

A total of approximately $147.3 million in Powell Bill funds were distributed in FY2014-15. Through the month of January, motor fuels tax collections were up just under 0.2 percent from last year at this time. However, shortly before publication of this memo, the General Assembly had reached agreement on a version of SB 20 IRC Update/ Motor Fuel Tax Changes that would reduce the motor fuels tax rate from 37.5 cents per gallon to 36 cents per gallon as of April 1, 2015. The resulting reduction in the gas tax rate in the current year – combined with the slight uptick in sales – would result in approximately $146.1 million in Powell Bill funds being distributed to municipalities in FY 2015-16. This would represent a less than 1 percent reduction from FY14-15 Powell Bill funds.

The formula for calculating Powell Bill distributions has not changed from previous years. Of the total annual distribution, 75 percent is allocated among eligible cities based on their population. **The projected per capita allocation for the FY15-16 Powell Bill distribution is $20.39.** To estimate your expected population-based distribution, multiply this amount by your expected 2015 Population. Your 2014 Certified Population (July 1, 2013 Estimates with July 1, 2014 Municipal Boundaries) can be found on the Office of State Budget and Management's Municipal Population Estimates page: http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population_estimates/municipal_estimates.shtm. You should adjust your 2014 Certified Population to account for any annexations going into effect between July 1, 2014, and June 30, 2015.

The remaining 25 percent of the Powell Bill distribution is allocated based on the number of city-maintained street system miles in each municipality. **The projected value of the mileage-based allocation for the FY15-16 Powell Bill distribution is $1,629.43 per street mile.** After calculating your estimated city-maintained street mileage as of July 1, 2015, multiply that figure by the per mile rate to calculate your city's total street mile allocation.

# State-Collected Local Taxes

For the purpose of the quarterly distributions (electricity, telecommunications, natural gas, and video programming) **we assume that the fiscal year accrual begins with the distribution made in December.**

## Electricity Sales Tax

Of all the projections in this memo, that for electricity sales and tax and the sales tax on piped natural gas (below) are the most uncertain. Fiscal Year 2014-15 marked the first year of a new distribution method for both of these revenue sources. As of the current fiscal year, the general sales tax rate was applied to the sale of both electricity and natural gas, and a percentage of the proceeds were to be returned to cities and towns. In the case of electricity, that percentage is 44 percent. That number was chosen with the intention that every municipality could receive the same amount of electricity franchise tax revenues that they received in Fiscal Year 2013-14. If there were excess revenues, those were to be distributed statewide on an ad valorem basis.

Through two distributions under the new system, electricity sales tax is up significantly from the corresponding quarters in FY13-14. The first quarter's revenues were up just over 17 percent from the year before, while the second quarter distributions of the electricity sales tax were up 58 percent. This occurred despite average temperatures for the quarters being relatively similar and consumption not increasing at a rate that would account for the increase in distributions. Given the change in distribution method and the lack of data available for that new method, making projections for the remainder of the fiscal year is difficult. But assuming the first two distributions of the year follow past trends, and accounting for the forecast for the coming months, **we project that for FY14-15, <u>statewide</u> electricity franchise revenue will increase by 30.0 percent.**

The formula determining the distribution of electricity sales tax is written into law and is not scheduled to be revisited. As long as that remains the case, future distributions of the electricity sales tax should more closely mirror this year's distributions, with weather conditions being the factor that would most significantly impact changes from year to year. Assuming the projections for this fiscal year hold, based on climate forecasts and consumption projections from the Energy Information Administration, **we project electricity sales tax revenue growth of 2.0 percent for FY15-16.**

We will be tracking closely the next two distributions of the electricity sales tax, and we recommend that you do the same. This is a new formula and a new distribution system, and whether the initial indications provided by the first two distributions hold true over time will play a large role in determining future forecasts for this distribution source. Additionally, as is always the case, this is a revenue source that is highly sensitive to weather conditions in each year, and the uncertainty of long-term weather forecasts means that these projections typically have a wide margin of error. That is likely to be particularly true as we gather data on municipal distributions under this new system. One thing that will not change under the current system is that local fluctuations in electricity consumption or population will not affect your distribution. Changes in your property tax rate or base could affect the ad valorem distribution of any excess revenues, but the change would have to be extremely significant to materially affect the statewide calculation.

## Sales Tax on Piped Natural Gas

As with the electricity sales tax, we are in the first year of using a new method for distributing the proceeds of the sales tax on piped natural gas. As of Fiscal Year 2014-15, the general sales tax rate is now applied to the sale of piped natural gas, and 20 percent of the proceeds from the sales are returned to cities and towns. Similar to the electricity sales tax, that percentage was chosen with the intention that it would be sufficient to hold municipalities harmless from the amount they received in utility franchise tax distributions in Fiscal Year 2013-14. If 20 percent of the general sales tax on natural gas is not sufficient to provide every municipality with at least the same distribution that they received in FY13-14, then every municipality's distribution of the sales tax on piped natural gas is reduced proportionally. If there are excess funds remaining from the 20 percent of the general sales tax after every municipality has received the same distribution it received during FY13-14, then the excess revenues will be distributed statewide on an ad valorem basis.

The first two quarters of distributions of the sales tax on piped natural gas have been a mixed bag. For the first quarter, total distributions statewide were up about 8.6 percent. This may have been affected by a number of amended tax returns that were filed in anticipation of the new distribution system going into effect (electricity may have been similarly affected, though to a lesser degree). For the second quarter, though, natural gas tax distributions were down 47 percent from the same quarter in FY13-14, despite relatively similar temperatures across the state.

Given the natural gas tax distribution's sensitivity to temperatures, along with the number of amended returns filed that affected the first two quarter's distributions, projecting the amount of the next two distributions is a particularly dicey proposition. If past trends were to hold, we would project natural gas tax revenues to be down nearly 40 percent for the fiscal year. Arguing against such a steep decrease is the fact that February was one of the coldest on record in North Carolina's history and is likely to have led to an increase in consumption. Even with that cold February, though, **we project that the <u>statewide</u> FY14-15 distribution to municipalities will be 35.0 percent lower than it was in FY13-14.**

As with the sales tax on electricity, if we assume the distribution formula will remain the same in Fiscal Year 2015-16, then there should be less fluctuation between this year's distribution and next than we saw between last year's distribution and this year's. This is still a distribution highly dependent on the weather, and to the extent that long-term forecasts do not call for as cold a winter as that which we just saw, then there could be further decrease in natural gas tax revenues. That decrease is unlikely to be as significant as that experienced this fiscal year. **For FY15-16, we are projecting a decrease of 2.0 percent in natural gas tax revenues from the current fiscal year.**

Because any future adjustments to this distribution will be made on a statewide basis among all cities and towns, it will not be affected by any changes in current users of natural gas in your town or on any population gains or losses you experience.

## Telecommunications Sales Tax

Distributions in the first half of Fiscal Year 2014-15 are down a little over 1 percent from Fiscal Year 13-14. Decreasing revenues from the telecommunications sales tax have been a trend in recent years, though this year's decrease is smaller as compared to that of past years. In all, **we expect that the annual statewide telecommunications revenues for FY14-15 will decrease**

**by 1.5 percent**. As with past years, the decrease in these revenues has been largely attributed to consumers opting to forgo landlines in favor of having solely wireless phone service. Recent data from the National Health Interview Survey shows no decline in that trend. Increased wireless revenue helps offset some of the loss from landlines, but to date it has not been sufficient to fully mitigate the reduction in landlines. Thus, **we predict telecommunications taxes will decline by 3.0 percent in Fiscal Year 2015-16.**

For cities and towns **incorporated <u>before</u> July 1, 2001,** the distribution of this revenue is based on each municipality's past share of the old telephone franchise tax, so there should be no local economic adjustments to the statewide growth estimate. These cities and towns will also be unaffected by any population changes.

For towns **incorporated on or after July 1, 2001,** the distribution is based on population, so some local variation from the statewide percentage is possible and differences between the 2013 and 2014 Certified Population estimates will affect distributions.

## Solid Waste Disposal Tax

The State levies a $2 per-ton "tipping tax" on municipal solid waste and construction and demolition debris that is deposited in a landfill in the state, or transferred at a transfer station for disposal outside the state.

The distribution of the proceeds of this tax were changed during the 2013 session of the General Assembly, though the changes did not affect the amount of the tax going to local governments. Cities (along with counties) will continue to receive 18.75 percent of the tax, with the revenues being distributed on a per capita basis. Fifty percent of the tax proceeds will also continue to go to the Inactive Hazardous Sites Cleanup Fund to help pay for the assessment and remediation of pre-1983 landfills. The change was made to the remaining 12.5 percent of the tax. Whereas previously those funds went to the Solid Waste Management Trust Fund for grants to local governments and state agencies, the State budget passed in 2013 repealed the Solid Waste Management Trust Fund and instead directs those funds to the State's General Fund. (The budget did also create the Solid Waste Management Outreach Program within the Department of Environment and Natural Resources.)

Proceeds from this tax have declined in recent years due a combination of factors. During the recession, generation of solid waste decreased, particularly from the construction industry. At the same time, expanded recycling programs from the state and local governments – along with increased recycling in the construction industry – has limited the amount of solid waste being sent to landfills. This in turn limits the revenue generated by the Solid Waste Disposal Tax.

That said, the increased activity in the construction arena may be working to turn around the trend from recent years. Distributions for the first two quarters of Fiscal Year 14-15 are up above distributions from the same time period in Fiscal Year 2013-14. For the entirety of this fiscal year, **we expect total distributions for FY14-15 to be up 5.5 percent from total**

**distributions in FY13-14.** As activity in the construction industry continues to be strong, **we project that revenues for Fiscal Year 2015-16 will increase 2.5 percent over FY14-15.** Because this revenue is distributed on a per capita basis, a particularly large annexation taking effect between July 1, 2014, and June 30, 2015, could justify projecting additional revenue growth for your municipality.

## Local Video Programming Revenues

Thus far in Fiscal Year 2014-15, video programming revenue distributions are nearly 4 percent above what they were at this time last year. This seemingly runs counter to many of the trends in the cable and satellite television industry. Given that, **we expect that the statewide annual distribution will be 1.5 percent above the Fiscal Year 2013-14 level.** If this holds, this would mark the first increase in video programming revenues since Fiscal Year 2011-12. The decrease in revenue since then has been attributed to more consumers switching from traditional cable and satellite television services to Internet-based viewing services. Given the continued prevalence of that trend, **we expect that video programming revenues will decrease by 2.0 percent in Fiscal Year 2015-16.** While this distribution is not based directly on population, population change is a factor in the annual formula. As a result, growth or decline in population between the 2014 and 2015 Certified Population estimates will affect these revenues, although not in the exact percentage as the increase or decline in population.

Cities with qualifying Public, Educational, and Governmental (PEG) channels are entitled to supplemental PEG channel support funds for up to three channels. The amount per channel for FY14-15 is approximately $28,369, and it is expected to remain constant in FY15-16, barring an increase or decrease in the number of PEG channels or any returned PEG channel money, which the Department of Revenue does not currently have. These funds must be provided to the organization that operates the channel. Bear in mind that to receive supplemental PEG channel funds, **you must certify your PEG channels to the Department of Revenue each year by July 15.** The 2015 certification forms will be available on the Department of Revenue website in June at: http://www.dornc.com/downloads/property.html#other.

## Beer and Wine Taxes

Beer and wine sales taxes are distributed from the N.C. Department of Revenue (DOR) to cities based on population. With the fiscal year running from April through March, cities can expect to receive the beer and wine sales tax distribution within sixty days of March 31. Due to a procedural change at NCDOR, collections for Fiscal Year 2012-13 were lower than originally projected. It is expected that the fluctuation from this change has leveled out and collections will be more consistent as time progresses. Based on actual collections, updated through February of this year, we expect beer and wine distributions to cities for **Fiscal Year 2014-15 to increase 5.0 percent over FY13-14 levels.** Based upon national beer and wine sales projections, we expect **Fiscal Year 2015-16 distributions to increase by 3.0 percent**. Because these distributions are based on population, it is important to incorporate factors like annexations or deannexations during the fiscal year into your municipality's projection.

# Remember: Report your boundary changes!

Many state-collected revenue distributions depend on accurate municipal boundary information, either to calculate populations or to determine utility sales within the municipality. **It is the responsibility of individual municipalities to notify all appropriate organizations as soon as possible of any changes in their boundaries.** The list of organizations you are required to provide with a revised boundary map and a copy of your annexation ordinance includes: 1) the Register of Deeds, Tax Assessor, Board of Elections, and GIS department for any county in which your municipality is located; 2) the Secretary of State; and 3) all gas and electric companies that have customers in your city or town. **Failing to provide this information in a timely manner could result in lost revenue for your municipality.** Do not send copies of your annexation maps to the Department of Revenue, as this no longer is required.

**In addition, your municipality should respond to, and check for accuracy, the Boundary and Annexation Survey sent to you on or before June 28th by the State Demographer** (NC Office of State Budget and Management); notify her if you do not receive the survey by July 7th; and return it by the deadline. The Boundary and Annexation Survey contains a list of all final annexations adopted since the last Census. It includes housing and population counts and total acreage. If you represent a rapidly growing municipality, it is especially important that you check the correctness of the survey and update data where necessary, particularly for older annexations. Otherwise, the State Demographer will have to base growth for older annexations on the average growth rate of your jurisdiction.

**If you do not respond to the State Boundary and Annexation Survey**, **the State Demographer will assume that there are no changes and will not credit your new annexations** when estimating your population for the next year. The State Demographer should also be informed of any address and personnel changes for those who receive the survey in your municipality.

Please remember, you will receive **<u>two</u>** boundary and annexation surveys, one from the **State** and one from the **federal** government; **both must be completed**. Completing just one survey will not provide the information for the other.

# Department of Revenue Contact List

Listed below are the appropriate contacts at the Department of Revenue for questions regarding municipal concerns. (Please note that the former Cindy Honeycutt is now Cindy Matthews, so while the name has changed, the contact remains the same):

- Questions about the amount of revenue included in a distribution – Cindy Matthews, Distribution Unit, (919) 814-1118.

- Questions about the status of a municipality's sales tax refund – Cindy Matthews, Distribution Unit, (919) 814-1118.

- Questions about the allocation of sales tax refunds to a municipality – Cindy Matthews, Distribution Unit, (919) 814-1118.

- Interpretation of sales tax or occupancy tax laws – Eric Wayne, Director, Sales and Use Tax Division, (919) 814-1082.

- Requests for a list of claimants that received a sales tax refund in a county in which the city is located – Cindy Matthews, Distribution Unit, (919) 814-1118.

- Requests for a list of businesses that paid sales tax and may be engaged in a business subject to a food and beverages tax, room occupancy tax, vehicle rental tax, or heavy equipment rental – Cindy Matthews, Distribution Unit, (919) 814-1118.

- Requests for statistical data related to local taxes – Michael Connolly, Manager, Information Unit, (919) 814-1129.

- Requests for statistical data related to State-collected taxes – Amelia Bryan, Revenue Research Division, (919) 754-2560.

- To change the email address at which your receive notification of distributions – Kathy Robinson, Financial Services Division, (919) 754-2515. If you have failed to receive an email notification of your distributions, do not contact DOR, but instead call the Office of the State Controller at (919) 707-0795.