Projections for State-Collected Local Government Tax Revenue
FY 23-24 & FY 24-25

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1 EXECUTIVE SUMMARY

This document summarizes and analyzes state-collected taxes distributed to local governments by the NC Department of Revenue (DOR) and provides a forecast of these revenue sources for the remainder of the current fiscal year (2023-24) and the upcoming fiscal year (2024-25). Statewide projections for each tax revenue source are summarized in the table below and explained later in this document.

Please read through this entire report, including the cautionary note below, for important caveats and context related to each of the League’s projections.

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Projected Change from FY22-23 to FY23-24</th>
<th>Projected Change from FY23-24 to FY24-25</th>
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<tr>
<td>Sales and Use Tax</td>
<td>+2.9%</td>
<td>+2.2%</td>
</tr>
<tr>
<td>Electricity Sales Tax</td>
<td>+2.5%</td>
<td>+1.3%</td>
</tr>
<tr>
<td>Piped Natural Gas Sales Tax</td>
<td>-16.3%</td>
<td>+13.5%</td>
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<tr>
<td>Telecommunications Sales Tax</td>
<td>-9.7%</td>
<td>-8.5%</td>
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<tr>
<td>Local Video Programming Tax</td>
<td>-2.9%</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Solid Waste Disposal Tax</td>
<td>-0.8%</td>
<td>+1.9%</td>
</tr>
<tr>
<td>Alcoholic Beverages Tax</td>
<td>-13.9%</td>
<td>+3.5%</td>
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</table>

More information on the recent legislative history and distribution formulas for each tax described in this report can be found in our Basis of Distribution Memo. The League also publishes quarterly revenue reports which summarize state-collected local revenues as they are distributed throughout the year. All annual projections and quarterly reports can be found on the NCLM State-Collected Revenue Projections page of our website.

1.1 CAUTIONARY NOTE

Estimates included in this document should be used only as a rough guide in preparing your Fiscal Year 2024-25 proposed budget. Estimates should be modified as necessary to fit your local situation, your community’s actual trends, and your own assumptions about the effects of various economic and political factors. Revenue estimates are always subject to error and may fluctuate widely based on unpredictable factors such as weather conditions, policy changes, or as we have seen in recent years, pandemics and international conflicts. Our goal is to provide municipalities with a reasonable projection of where state-collected revenues are heading based on available information and guidance from subject-matter experts.

These estimates also assume that the General Assembly will make no changes in 2024 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 due to economic circumstances or legislative action, we will communicate this information to our members as soon as possible.

1.2 PROJECTION TIME FRAME

The Local Government Commission (LGC) encourages the use of a 90-day accrual period to meet Governmental Accounting Standards Board (GASB) 33 measurement focus requirements (see "Memo #1015 ‘Recognition of Sales Tax and Other Revenues at Year-End’"). Because the revenues governments receive in September are derived from sales through June, we consider them to be from the previous fiscal year, corresponding to when the transaction took place. This report considers the following data to be included in a “fiscal year” of revenue:

- DOR monthly distribution data for collection months August through July
- DOR quarterly distribution data beginning with the collection quarter ending in September, and stopping with the collection quarter ending in June.

For an example of how sales month, collection month and distribution month align, see DOR’s Sales Tax Distribution and Closeout Schedule. For the full distribution schedule, see DOR’s Local Government Distribution Schedule.

1.3 QUESTIONS AND CONTACTS

Any questions related to this document should be directed to Chris Nida, Director of Technical Assistance for Cities. We would like to thank NCLM’s Communications team and our partners at the NC Department of Revenue (DOR), the NC Office of State Budget & Management (OSBM), and the North Carolina Association of County Commissioners for their assistance in preparing this document. Please see Section 5 of this document for additional topics which DOR may be able to assist your municipality with and their related contacts. As always, any errors or oversights are the League’s alone.
2 OVERVIEW OF ECONOMIC CONDITIONS

National Outlook

At the time of this writing in March 2024, the national economy has remained more resilient than many had anticipated. Fears of a recession in 2024 have eased, though the optimism among many economists and forecasters is not entirely shared by the general public. Pricing pressures in key sectors persist, with lagging retail sales – and the subsequent impact on local government sales tax revenue – perhaps one consequence.

While there are still some areas of concern, key indicators of the U.S. economy have remained stronger than some had forecasted. In recent months groups like The Conference Board and Deutsche Bank have reversed previous calls for a U.S. recession in 2024. Jobs numbers at the national level have been strong, with the most recent numbers released coming in higher than expected with an estimated 275,000 jobs added in February. The report was not universally positive, however. While adding jobs in February, December and January estimates were revised downward, meaning 167,000 fewer jobs than initially projected were created in those months. At the same time, the unemployment rate rose for the first time in four months, to 3.9%.

Inflation, which appeared to be slowing in late 2023, remains elevated above the Federal Reserve’s 2% target. For February, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4% above January and was up 3.2% from February 2023. High levels of inflation in recent years are one reason that local sales tax revenues have increased significantly over the same time period. However, as discussed below in Section 3.1, sales tax collections in N.C. are leveling off. One potential factor could be the makeup of what is currently contributing to inflation. Two of the biggest contributors to February’s inflation number were the cost of shelter and gasoline, the purchases of which would largely not be subject to N.C. local sales tax.

As noted, the Federal Reserve has stated that its goal is to see U.S. inflation reach 2% levels. At one point it was believed that the Fed could begin cutting its baseline interest rate as soon as this month. However, this week they announced that they would hold their benchmark rate steady for now, but they still expected to cut rates three times in 2024, as the anticipation is that inflation will continue to decline but at a more gradual rate than previously predicted.

There may be signs of stagnation in consumer activity, which would also be consistent with recent trends in N.C.’s revenue collections. National retail sales for February increased 0.6% from January and 1.5% over the previous year, which translates to no growth or even a slight decline when adjusting for inflation. One area of strength has been restaurant spending, as sales at eating and drinking places are up 6.3% since February. Consumer confidence, however, has been relatively unchanged in the first part of 2024, though it has increased since this time last year (see below).
Also mostly flat were national data on disposable income and the personal savings rate, both of which are detailed in charts below. Though relatively stable, the personal savings rate remained below that of consumer debt, a trend that was reversed during most of the COVID-19 pandemic but has been in its current state since late 2021.
Housing

One area where consumers may be seeing some relief is in the housing market. On the downside, the Federal Reserve’s decision not to cut interest rates means that mortgage interest rates will remain elevated relative to rates from a few years ago. For the week of March 18, interest rates were in the 7-7.5% range. Redfin reported that the average home price in North Carolina was up 5.6% to almost $360,000 in February, but there was also a nearly 20% increase in the number of homes newly listed for sale. There may be more good news to come on the housing supply side, too, as N.C. building permits had increased year-over-year in the month of January, as shown in the chart below.

Optimism in the housing industry was reflected in the NAHB/Wells Fargo Housing Market Index, a national survey of homebuilder sentiment. The March index increased for the fifth month in a row, reaching its highest level since July of 2023 (see below).
There was some good news in the rental sector as well, as Zillow reported that average rents in N.C. had declined by 5% over the past year.

**Economic Forecasts and Projections**

At the time this memo was written last year, uncertainty and skepticism about the economy was the predominant sentiment. Economists were concerned about the impact of rate hikes by the Federal Reserve, and there was a real question as to whether the Fed’s management would be able to reduce inflation without triggering a national recession.

Twelve months later, the feelings are almost entirely reversed. With some of the caveats noted earlier in this report, a wide array of forecasters continue to revise projections for the U.S. economy upward. The most recent survey by the National Association for Business Economics now calls for gross domestic product to increase by 2.2% in 2024, up from a projection of 1.3% as recently as December.

North Carolina-specific projections similarly continued to call for steady growth throughout the remainder of the calendar year. Dr. Michael Walden publishes a monthly Index of North Carolina Leading Indicators designed to gauge the state of the N.C. economy. February’s indicators actually declined relative to February 2023, but rather than seeing it as a sign of concern, Dr.
Walden noted that this continued a recent pattern of the Index falling some months only to rise in the month after the decline. As he wrote, “…the Index is signaling no big boom or big bust to the economy in the months immediately ahead.”

Dr. John Connaughton’s First Quarter Report of the North Carolina Economic Forecast also forecasts mostly steady growth for the state. He believes the 2023 GDP for N.C. will finish 2.8% ahead of 2022, and he projects a further increase of 2.5% in 2024. His biggest caution is of deficit spending at the federal level, as Dr. Connaughton writes, “…if federal fiscal spending continues unabated the economy may continue to grow but we may see a return of inflation later in 2024.” He also projects that the N.C. unemployment rate will rise to 4.0% by the end of 2024, though through the first month of the year, the state’s rate remained below that of the nation as a whole.

In its most recent NC Economy Watch, the N.C. Department of Commerce also commented on recent jobs numbers. The Labor & Economic Analysis Division (LEAD) noted that revisions to jobs data from 2023 indicated that employment had actually declined at a steeper rate last year than previously believed. However, the revised data shows that construction sector employment grew faster than believed, which is one potential indicator of a growing economy.
American Rescue Plan

As a reminder, 2024 is a crucial year for American Rescue Plan (ARP) funds. The $1.3 billion in Local Fiscal Recovery Funds (LFRF) appropriated to North Carolina municipalities as part of the ARP legislation must be obligated by Dec. 31, 2024. Many local governments have already obligated funds using the “revenue replacement” category detailed by the U.S. Treasury. Any municipality that has not yet appropriated the entirety of its LFRF appropriation must plan to do so this year, and the current budget cycle provides one opportunity in which to do so. If you have questions about obligating LFRF dollars or any other aspect of the ARP, please reach out to the League for assistance. More information is available at arp.nclm.org.
3 STATE-SHARED TAX REVENUE PROJECTIONS

3.1 SALES AND USE TAX

3.1.1 Overview of NC Sales Tax Distribution
Sales and use taxes make up the largest amount of tax revenue that the state distributes to local governments in North Carolina and makeup approximately a quarter of a median N.C. municipality’s revenues, excluding utilities. Local sales taxes are authorized as different “Articles” in statute. Not all Articles are levied by every county. For an overview of every sales tax article and how it is distributed, see our Basis of Distribution Memo.

After the state’s distribution methods have been applied, the result for each county then is allocated between the county and its municipalities using one of two methods chosen by the county. Every April, counties can change the method of distributing local option sales tax revenues to their municipalities, either from per capita to proportion of ad valorem tax levies, or vice versa. The method chosen by the county board of commissioners determines the division of funding among county and municipal governments. Population or tax levy changes might cause some counties to take a close look at the current distribution method to determine if it is still advantageous to them. Changes in distribution method do not take effect until the start of the subsequent fiscal year; for example, a county submitting a change to its distribution method in April 2024 would see it take effect in July 2025.

3.1.2 Sales Tax Projection
It appears that the post-pandemic boom in sales tax revenues has come to an end. Buoyed by factors including – but not limited to – stimulus checks provided directly to consumers, enhanced and extended unemployment benefits, changes in consumer behavior, and rising inflation, local governments saw months of double-digit growth in sales tax revenues year-over-year in 2021 and 2022. That run is over. A slowdown that began to take shape at the end of Fiscal Year 2022-23 has become more pronounced in the first half of FY23-24, with year-over-year growth hovering around 2.5% six months into the fiscal year.

This is, of course, a statewide number. While some counties continue to see growth around or, in some cases, even above 10%, others have begun to see year-over-year declines in their revenues. The map on the following page illustrates this variance. Darker-shaded counties on the map are collecting above the statewide average, while lighter-shaded counties are below it and those in red have received less in sales taxes than they did over the same time period in FY22-23. We strongly suggest local governments take this context into account when utilizing our projections to modify and finalize their own.
Aside from economic conditions, sales tax refunds distributed to nonprofits and governments are a major factor affecting local variation in sales tax distributions. Eligible entities have up to three years to submit for refunds. DOR typically processes them as they are filed while maintaining discretion to avoid adversely affecting local government’s net collections where possible. This lack of a clear timeline creates major volatility; halfway through any given fiscal year, distributed refunds have made up anywhere between 44-60% of total refunds for the entire fiscal year.

Shown in the below chart, as of Q2 in FY23-24, refunds are comprising approximately 5.19% of net collections, the highest such rate since at least the 2019-20 fiscal year. This is perhaps something of a catch-up from FY22-23 when refunds as a percent of collections were notably lower than in previous years. In the spring of 2023, DOR notified local governments that, due to a processing error, the April 2023 sales tax distribution would not have any refunds present, and those missing refunds would be reflected in the May 2023 distribution. That may have played in to the overall refund totals this year and last. It also may simply be a reflection of the previously noted timing issues when it comes to processing refunds. Whatever the reason, we caution local governments to take note of their refund amounts and project conservatively when anticipating their refunds and collections for the rest of the fiscal year.
The current sales tax environment seems to bear much more resemblance to the years prior to the pandemic than it does to recent years. North Carolina as a whole continues to add population, and while inflation rates have declined in recent months, they have not fallen quite as fast or as far as some had predicted. Both factors should positively contribute to sales tax collections even if consumer expenditures continue to slow. As a result, taking into account recent trends and data, as well as the various factors described in this memo, we anticipate at this time that sales tax will finish FY23-24 at 2.9% over FY22-23.

Our anticipation is that, on a statewide level, sales tax revenues will continue to slow in the year ahead. Although we do not expect to see statewide totals fall below those of the current year, individual counties could see year-over-year declines and all counties will want to examine their local situations closely to determine factors that could cause them to deviate from a statewide projection. Our projection for FY24-25 is growth of 2.2% over FY23-24.

As emphasized earlier in this document, these projections are meant to act as a rough guide for statewide collections. Local governments should consider factors such as your local economy, industries, and anticipated growth when utilizing these projections.
3.2 **UTILITY SALES TAXES**

For the purpose of analyzing electricity, natural gas, telecommunications, and video programming quarterly distributions, we assume that the fiscal year accrual begins with the distribution received by local governments in December; this is synonymous with the distribution covering DOR’s “collection quarter” ending in September. See the League’s [Basis of Distribution Memo](#) for the recent history of how this revenue is distributed.

3.2.1 **Electricity Sales Tax**

Electricity sales tax is a generally stable revenue source, typically only fluctuating a small percentage each year. Price and consumption both play a role in year-over-year growth. Average electricity prices in North Carolina have risen this year, while consumption has ebbed and flowed, leading to a slight increase in collections compared to this time last year.

The [Energy Information Administration (EIA)](#) projects that electricity prices in the South Atlantic will decline from the current year’s rates for much of the next fiscal year. For the current year, we **project that statewide electricity sales tax revenue for FY23-24 will end 2.5% higher than FY22-23**. Based on available data, we expect slight growth in this revenue source to continue and **project that electricity sales tax revenue will increase by 1.3% in FY24-25**.

![Electricity Tax Distributions and YoY Changes](image)

As always, weather remains one of the largest contributing factors to consumption and revenue trends. For example, the January and February 2024 average temperatures were roughly 5 degrees below the same months in 2023. That cooling will likely be reflected in upcoming distributions. To illustrate the relationship between weather and collections, the below graphs show the relationship between spikes in collections and cooling degree days by quarter.
A Note on Temperature Data: We assume that electricity bill payment occurs one month prior to utilities remitting the tax to DOR (the collection month). We also assume that electricity consumption occurs one month prior to the bill payment. Therefore, the temperature data used in our analysis is offset by two months. For example, temperatures in May, June, and July would affect the distribution for DOR’s July, August, and September collection quarter.

Please remember that local fluctuations in electricity consumption or population will not affect your distribution. Any excess revenues over those generated statewide in FY13-14 are distributed based on your city’s percentage of total property taxes levied. As such, 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.
3.2.2 Piped Natural Gas Sales Tax

Piped natural gas tax distributions tend to fluctuate more dramatically than electricity sales tax distributions or other utilities which follow a clear trend, and are thus more difficult to predict.

That volatility is evident through the first two quarters of FY24. At this time last year, distributions were 53.2% ahead of FY22. Current year distributions are more than 31% below FY23’s figures. It is important to note that the first two quarters of collections typically reflect between 25-30% of total collections for the year, with the third quarter of the year’s distribution playing a significant role in performance for the entire fiscal year. High volatility in distribution amounts over the past few years, coupled with a strong correlation with unpredictable weather patterns, make future distributions of this revenue source highly uncertain. Information from the EIA indicates that natural gas prices in the South Atlantic are forecasted to decrease in the coming year before rising slightly in subsequent months.

As with electricity taxes, prices and consumption, largely driven by weather, are the main factors affecting piped natural gas tax distributions. As described earlier in the electricity tax section, temperatures in November, December and January will affect the natural gas consumption seen in the next distribution covering tax collected during the third quarter ending in March. This year, the heating degree days for the months affecting the next distribution are up by 5.7%. We are cautiously optimistic that will mean the current decrease in natural gas sales tax revenues will lessen before the end of the year.

Based on these forecasts and other available data, we project a 16.3% decrease in natural gas sales tax revenues in FY23-24. The last year-over-year decrease in natural gas revenues was followed by a large increase in the following year. Based on past experience, we project an increase of 13.5% for FY24-25.
Because any future adjustments to this distribution will be made based on statewide property tax levies, 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.

3.2.3 Telecommunications Sales Tax

Annual telecommunications tax distributions have seen a rapid decline over the last several years, driven by changes in consumer behavior such as households continuing to abandon landlines. Data from the CDC continues to show that the vast majority of adults in various age groups live in wireless-only households, and the percentage continues to creep upward with every data release.

Based on the first two quarters of FY24 and prior trends, we expect that annual statewide telecommunications revenues for FY23-24 will decrease by 9.7%. We expect that decrease will mitigate only somewhat next year, and we predict a decline of 8.5% in FY24-25.

For cities and towns incorporated before 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 annual Certified Population estimates will affect distributions.
3.2.4 Local Video Programming Tax
Video programming tax, which is primarily driven by cable providers, has seen a sustained, moderate decline in recent years. While the rate of this decline slowed between FY19 and FY22, there was a larger decline in FY23. We expect that may prove to be something of an outlier and that this year’s trend will be more in line with previous years. The overall decline is primarily attributable to cable TV customers “cutting the cord” in favor of streaming services. One study found that, by the end of 2023, pay-TV subscribers were expected to be outnumbered by cord-cutters for the first time. Overall, as shown in the below graph, we expect that statewide annual distributions will decrease by 2.9% in FY24, and by another 3.1% in FY25.

Cities with qualifying Public, Educational, and Governmental (PEG) channels are entitled to supplemental PEG channel support funds for up to three channels. These funds must be provided to the organization that operates the channel. Factors that affect PEG funding include the total number of PEG channels and any returns of PEG channel money. We do not expect these factors to change materially next fiscal year. To receive supplemental PEG channel funds, you must certify your PEG channels to DOR each year by July 15. The 2024 certification forms will be available on the DOR website here: https://www.ncdor.gov/documents/tr-peg-cable-peg-channel-certification.

3.3 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. Cities and counties each receive 18.75% of the tax, and revenues are distributed on a per capita basis. Over the last decade, the annual distribution has generally increased consistently with an occasional spike.
Collections for the first half of FY24 have actually been slightly below FY23’s figures. Based on recent trends, we expect the decline to continue in the second half of the year, and we are projecting an overall decrease of 0.8% in FY24. We expect growth in this revenue source to return next year, and we are projecting a 1.9% increase in distributions in FY25. Because these distributions are based on population, it is also important to incorporate your municipality’s anticipated growth relative to others into your local projection.

Activity within the construction sector is one of the largest contributing factors to solid waste revenue. As noted in our economic overview at the beginning of this document, housing starts and building permits are fluctuating, but overall sentiment in the construction sector appears to favor optimism. A survey earlier this year from the Carolinas chapter of the Associated General Contractors of America showed a largely positive outlook in the construction industry, although N.C. contractors were more pessimistic than their national counterparts in the areas of multifamily residential, retail, and private office construction. Public projects and a rebound in single-family homebuilding were expected to counteract these concerns.

### 3.4 Alcoholic Beverages Tax

The alcoholic beverage tax is an excise tax paid by the producers of alcohol based on their sales of alcohol in North Carolina. A portion of taxes collected are distributed by DOR to municipalities based on population. These revenues are collected during a period of April through March of the following year, with revenues typically distributed to municipalities by June. Growth in this distribution is dependent on the proportion of beer and wine sold in North Carolina, which are taxed in different amounts. An excise tax of 61.71¢ per gallon is levied on the sale of beer. An excise tax of 26.34¢ per liter is levied on the sale of unfortified wine, and an excise tax of 29.34¢ per liter is levied on the sale of fortified wine.
After two years of decline, the alcoholic beverage tax distribution rebounded last year, increasing by almost 5 percent. However, after consulting with DOR on available data for FY23-24, we project that the upcoming annual distribution for the period of April 2023 through March 2024 will decrease by approximately 13.9 percent compared to last year’s distribution. This would represent the largest year over year decrease in at least a decade, and the reasons for the decline are currently uncertain. National data indicates that adults are drinking alcohol at roughly the same rates as in previous years. As different types of alcohol are taxed at different rates, it could be that changing preferences also found in the national data could be impacting the amount of this distribution. We will be looking into the details of this data and hope to have more information in upcoming quarterly Revenue Reports.

In recent years declines in this distribution have been most commonly followed by an increase in the subsequent year. Despite the significant decline this fiscal year, we project that FY25 revenues will rebound with an increase of approximately 3.5%.

Because these distributions are based on population, it is also important to incorporate your municipality’s anticipated growth relative to others into your local projection.
3.5 **POWELL BILL**

State Street-Aid (Powell Bill) funds are distributed to eligible municipalities twice a year in October and January. The FY24 distribution started with the same base amount, $154.875 million, as FY22’s distribution. However, when the State of N.C. passed its budget after the October distribution was finalized, the total amount of Powell Bill funds appropriated increased to $170.375 million. As a result, the distribution received in January 2024 was higher than that of October’s in order to total the budgeted amount. The total amount of Powell Bill funds is currently budgeted to increase again in FY24-25, to $185.875 million. However, the General Assembly could choose to adjust that amount when it returns this year. The League will keep you updated if there are any changes to the Powell Bill amount if and when a state budget for FY24-25 is passed. The below graph summarizes overall Powell Bill distribution trends:

![Powell Bill Distributions and YoY Changes](image)

Of the total annual distribution of Powell Bill funds, 75% is allocated among eligible cities based on population, and 25% is based on mileage. Statutory language around the Powell Bill budget currently in place specified that cities with a population over 400,000 would receive the same amount of Powell Bill funds that they did in FY20-21, when the state appropriation was reduced due to concerns about transportation revenues in the wake of the COVID-19 pandemic. In effect, this means that the Powell Bill distribution for the cities of Charlotte and Raleigh has been frozen at FY20-21 levels, and the increase in the Powell Bill appropriation is shared between the remaining cities in the program.
4 MUNICIPAL BOUNDARIES AND U.S. CENSUS

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 DOR, as this is no longer required.

In addition, your municipality should respond to the Annexation Survey included as part of the State Demographer’s annual North Carolina Demographic Survey (NCDS), which can be found online at [https://ncds.osbm.nc.gov/](https://ncds.osbm.nc.gov/). In addition to information about annexations, the survey includes questions on group quarters and residential building activity. A letter will be mailed to all municipalities in the first part of May to confirm the current municipal point of contact for completing the annual survey. An e-mail will then be sent to the designated point of contact for each municipality by **June 30** directing them to the online survey. The **Certified Population Estimates** – used for revenue distributions – estimate the 2023 population living in areas annexed on or before **July 1, 2024**. The State Demographer cannot include these populations if the annexations have not been reported through the survey.

The **NC Geographic Information Coordinating Council (GICC) has established an online Municipal Boundaries tool** to provide an authoritative boundary. The tool will support the Boundary and Annexation Survey and replace boundary requests from multiple state agencies. We encourage all local governments to verify their boundaries as soon as possible and begin using the tool to submit annexations and boundary corrections. At the moment, local governments should respond to boundary surveys they receive as well as using the Municipal Boundaries tool. When the boundary verification process is more complete, the new tool will support most boundary needs from most state and federal agencies and reduce the number of requests you receive. Local governments should verify their boundary information in the [Municipal Boundary Tool](https://ncds.osbm.nc.gov/).

Since last year’s revenue projections memo was published, the deadline to ask the U.S. Census Bureau for a review of a jurisdiction’s 2020 Census count has passed. Seven counties and 14 municipalities requested such a review in advance of the deadline. The Office of State Budget and Management (OSBM) has [provided a summary of those reviews](https://ncds.osbm.nc.gov/). For questions related to municipal boundaries or the U.S. Census, please contact **State Demographer Mike Cline** or **NC Census Liaison Bob Coats** at NC OSBM for additional questions.
5 DEPARTMENT OF REVENUE CONTACT LIST

Listed below are the appropriate contacts at DOR for questions regarding municipal concerns.

- Questions about the amount of revenue included in a distribution – Veronica Pace, Distribution Unit; or Tony Garrett, Justin Hunter, Kay D. Walford-Simpson, Distribution Unit, (919) 814-1118.

- Questions about the status of a municipality’s sales tax refund – Veronica Pace, Distribution Unit; or Tony Garrett, Justin Hunter, Kay D. Walford-Simpson, Distribution Unit, (919) 814-1118.

- Questions about the allocation of sales tax refunds to a municipality – Veronica Pace, Distribution Unit; or Tony Garrett, Justin Hunter, Kay D. Walford-Simpson, Distribution Unit, (919) 814-1118.

- Interpretation of sales tax laws – Andrew Furuseth, Director, Sales and Use Tax Division, (919) 608-1115.

- Requests for a list of claimants that received a sales tax refund in a county in which the city is located – Veronica Pace, Distribution Unit; or Serena Hasenbuhler, Chrystalyn Durant, and Terrance Rice, 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 – Veronica Pace, Distribution Unit; or Tony Garrett, Justin Hunter, Kay D. Walford-Simpson, Distribution Unit, (919) 814-1118.

- Requests for statistical data related to local taxes – George Hermane, Information Unit, (919) 814-1129.

- Requests for statistical data related to state-collected taxes – McKinley Wooten, Assistant Secretary for Tax Research & Equity, (919) 814-1092.

- To change the email address at which you receive notification of distributions – Distribution Unit, (919) 814-1118.