

Alliance for a Prosperous North Carolina

Members of the North Carolina General Assembly,

We are representatives of communities across the entire state, from the mountains to the Piedmont to the coast. Our communities are small and large, rural, suburban and urban. We are business owners, managers and elected officials of local governments as well as chamber of commerce staffs. On the attachment you will see the organizations that have come together in this communication.

We share a common concern. We have concerns about how proposals to change the distribution of sales tax revenues will harm our communities and our state.

Some of us are concerned because a change in the formula would immediately impact current revenues. Those communities in our state are creating and retaining jobs, and must continue investing in ways that maintain our competitiveness. Property taxes will have to be raised to pay for infrastructure investments already made, threatening our continued economic growth.

Some of us are concerned because a change in the formula would impact revenues over time. Those communities might see an immediate increase in revenues but any future growth in revenue collections might result in them ultimately losing revenue. These growing communities will not receive the revenue to support the increasing demands on local services.

Some of us are concerned because the proposals will increase our revenues only if citizens approve a referendum to increase local option sales taxes. This is an unrealistic assumption in most of our communities. If the electorate doesn't support the tax increase, those communities will ultimately lose revenue and they will fall further behind.

Some of us are concerned because a change in the formula would have a negative impact on bond ratings for cities and counties by making it more difficult to meet certain rating criteria. In addition, many communities have issued Special Obligation Bonds pledging all or part of the Local Option Sales Taxes. Redistribution of sales tax could cause higher interest rates.

Some of us are concerned because a change in the formula could negatively affect the attraction of economic development prospects due to already higher-than average costs of housing in many of the affected counties. Having to increase property taxes to compensate for the shifting sales taxes will place us at a further disadvantage, harming the jobs market for entire regions.

All of us are concerned with the overall growth and vitality of the State of North Carolina. Many individuals commute into high growth regions for jobs while having the option to live in a more rural setting. We believe offering current and future citizens choices about where to live and work is best for the state. We believe investing in infrastructure that allows for regional economies rather than county oriented economies is best for the state.

As you begin the negotiations regarding the two budget proposals, we urge you to reconsider the ramifications of proposals to redistribute sales tax revenues. Ultimately, we ask that you oppose the proposal to redistribute sales tax revenues outlined in the Senate's budget proposal.

Sincerely,

Currituck Chamber of Commerce