



North Carolina Department of Revenue

Beverly Eaves Perdue  
Governor

Kenneth R. Lay  
Secretary

May 29, 2009

**MEMORANDUM**

TO: North Carolina County and Municipality Managers and Finance Officers

FROM: Andrew Sabol, III  
Director, Sales and Use Tax Division

SUBJECT: Article 44 Adjustment

Effective October 1, 2008, the per capita piece of Article 44 was repealed per G.S. 105-520(b). The Department changed the Sales and Use Tax Distribution Article 44 to 100% point of origin for October 2008 collections. After receiving inquiries from parties, including the North Carolina Association of County Commissioners and the North Carolina League of Municipalities, about the timing of the change in distribution methods, a review was made of the background and intentions of the Medicaid Swap legislation provided under Session Law 2007-0323. A determination has been made that it was intended for the change in the distribution to 100% point of origin for Article 44 taxes to be effective for collections generated from periods on or after October 1, 2008 resulting in the adjustment set out below.

Each county and municipality will be affected by this one time Article 44 adjustment. The Article 44 adjustment will be done in conjunction with the prescheduled Article 46 adjustments as described in my prior Memorandum dated March 31, 2009. Article 44 and 46 adjustments will be netted and reflected on the Net Adjustment Report-October 2008 that will be posted on the Local Government Distribution page on the Department's website. Each county and municipality's June 2009 Sales and Use Distribution payment will be increased or decreased as set out in the net adjustment report.

For questions, contact Ed Strickland at (919) 733-2151.