

Articles of Sales Tax Distribution

All information regarding the explanation of the Local Sales & Use Tax Distribution can be obtained from G.S. 105-463 through G.S. 105-538.

Article 39 – Article 39, being distributed by point of sale, is the purest form of the Local S & U Tax. Basically, any sale that occurs in a given county will result in the Article 39 portion returning to that county. Any refund identified as being from a specific county will have the Article 39 portion refunded from that county as well. Beginning with the October 2003 Collections, the Article 39 portion contains the “food tax” as instructed in G.S. 105-469. However, the “food tax” is separately identified in our Distribution Report.

Article 40 – Article 40 is distributed based upon a county’s population in relation to the state population total. A portion of the “food tax” is also included in Article 40 and can be separately identified in our Distribution Report. Article 40 is subject to an adjustment factor as identified in G.S. 105-486(b). This section contains the Article 40 portion of any refund.

Article 42 – Article 42 was previously distributed based upon a county’s population in relation to the state population total. Effective with the November 2009 collections distributed in January 2010, Article 42 tax is distributed on a point of sale basis. A portion of the “food tax” is also included in Article 42 and can be separately identified in our Distribution Report. The portion of the “food tax” included in Article 42 is subject to an adjustment factor as identified in G.S. 105-486(b). This section contains the Article 42 portion of any refund.

Article 43 – Article 43 proceeds are distributed to counties that have enacted a Public Transportation Sales Tax per G.S. 105-506 through G.S. 105-507 or to special districts operating as Regional Public Transportation Authorities or Regional Transportation Authorities that are established and operate according to G.S. 105-508 through G.S. 105-510 or to counties that are eligible under G.S. 105-511. The proceeds from Article 43 distributed under Part 2 of the Article are distributed on a per capita basis to the county and units of local government in this county that operate public transportation systems. The proceeds from the Part 3, Part 4 and Part 5 of the Article are to be distributed to each eligible special district. The proceeds from Article 43 distributed under Part 6 of the Article are to be distributed among the eligible counties in proportion to the amount of taxes collected in each county in that month. Currently, only Wake County, Durham County, Orange County, Mecklenburg County, City of Charlotte, and Town of Huntersville are eligible to receive proceeds from Article 43.

Article 44 – Effective with the November 2009 collections distributed in January 2010, Article 44 tax is repealed. However, Article 44 will continue to incur amounts due to late filed returns, audits, and refunds that affect periods prior to October 1, 2009. Negative amounts will occur periodically as refunds are processed by the Department in the future.

Article 45 – Effective July 1, 2006, Article 45 was repealed. Article 45 was a Local Government Sales and Use Tax for Beach Nourishment levied only by Dare County. Therefore, the proceeds of this Article are distributable only to Dare County. While Article 45 has been repealed, amounts will continue to be distributed to Dare County as a result of delinquent returns, audits, and refunds.

Article 46 – Article 46 allows an additional 0.25% local sales and use tax on transactions subject to the general State rate of sales and use tax pursuant to G.S. 105-164.4. Article 46 will be distributed based upon point of sale to the counties that enact this Article and will not be shared with municipalities within these counties.

Effective April 1, 2008, Article 46 authorizes that an additional 0.25% tax may be levied in six counties (Alexander, Catawba, Martin, Pitt, Sampson, and Surry). Effective October 1, 2008, two additional counties (Cumberland and Haywood) are authorized to levy the additional 0.25% Article 46 tax. Effective July 1, 2010, four additional counties (Hertford, Lee, Randolph, and Rowan) are authorized to levy the additional 0.25% Article 46 tax. Effective October 1, 2010, three additional counties (New Hanover, Onslow, and Wilkes) are authorized to levy the additional 0.25% Article 46 tax. Effective January 1, 2011, two additional counties (Duplin and Robeson) are authorized to levy the additional 0.25% Article 46 tax. Effective October 1, 2011, one additional county (Cabarrus) is authorized to levy the additional 0.25% Article 46 tax. Effective January 1, 2012, one additional county (Halifax) is authorized to levy the additional 0.25% Article 46 tax. Effective April 1, 2012, four additional counties (Buncombe, Durham, Montgomery, and Orange) are authorized to levy the additional 0.25% Article 46 tax. Effective April 1, 2013, two additional counties (Edgecombe and Greene) are authorized to levy the additional 0.25% Article 46 tax. . Effective April 1, 2014, one additional county (Harnett) is authorized to levy the additional 0.25% Article 46 tax. . Effective October 1, 2014, one additional county (Davidson) is authorized to levy the additional 0.25% Article 46 tax. Effective April 1, 2015, two additional counties (Anson and Ashe) are authorized to levy the additional 0.25% Article 46 tax. Effective October 1, 2016, two additional counties (Cherokee and Jackson) are authorized to levy the additional 0.25% Article 46 tax.

City Hold Harmless – Counties are required to hold eligible municipalities in each county harmless from the repeal of Article 44. Calculations are made to approximate the amount of Article 44 tax previously received by eligible municipalities. Effective October 1, 2008, the City Hold Harmless portion of the Distribution was calculated to provide eligible municipalities a replacement amount for the 0.25% of Article 44 that was repealed. Effective October 1, 2009, the calculation for the City Hold Harmless portion of the Distribution was changed to provide eligible municipalities a replacement amount for the final 0.25% of Article 44 that was repealed.

Each month when we closeout, we split the total local Sales & Use Tax collections into the various total components. These components are then calculated for each county. This allocation is for the countywide level. Next, depending upon the county's distribution method, Per Capita or Ad Valorem, the portion of each county's share of each Article is then split between the county government and the municipalities in that county.