



**One Quarter of One Penny**

## **Frequently Asked Questions about The Quarter Cent (1/4¢) Sales and Use Tax**

Who put this issue on the ballot?

Why put this issue on the ballot?

How much money would be raised through this tax?

How does this compare to property tax?

Are there items exempt from the sales tax?

Has the sales tax referendum been on ballots in other counties?

What is the current sales tax rate for Lenoir and other counties?

If the sales tax passes does it mean property taxes will not be increased?

How is a sales tax different from property tax?

What would be the effect of an additional one quarter (1/4¢) sales and use tax?

### **Who put this issue on the ballot?**

The NC General Assembly granted county boards of commissioners the authority to levy, subject to voter approval, an additional one-quarter cent (1/4¢) county sales and use tax. In 2017, the Board approved a resolution calling for a 2018 Special Advisory Referendum concerning the Levy of a One-Quarter Cent (1/4¢) County additional Sales and Use Tax.

### **Why put this issue on the ballot?**

In 2017, Lenoir County had a loss in property tax revenue of \$1,800,000 as a result of the property revaluation which was effective January 1<sup>st</sup> of that year. The Board of Commissioners chose to reduce the property tax burden for citizens by not increasing the tax rate to offset the 2017 property tax revenue loss. The one-quarter cent (1/4¢) sales and use tax would provide the Lenoir County Board of Commissioners an alternative to the pressure to raise property taxes.

### **How much money will be raised through this tax?**

The Lenoir County Finance Department estimates, based on current sales tax figures, that the one-fourth of a penny sales and use tax would generate approximately \$1,350,000 annually.

### **How does this compare to property taxes?**

One penny in Lenoir County property tax raises around \$383,000.

One-fourth of a penny in Sales Tax is projected to raise around \$1,350,000.

**Are there items exempt from the sales tax?**

There is a multitude of items that are exempt from the sales tax including prescription medication, gasoline, certain agricultural supplies and motor vehicles. For a full listing, see North Carolina General Statute 105-164.13.

Food (groceries) are exempt per General Statute 105-164.13B.

**Has the sales tax referendum been on ballots in other counties?**

Yes, since the legislature granted counties authority to seek voter approval, many counties have placed the referendum on a local ballot. Lenoir County citizens are currently paying the one-quarter cent sales tax when shopping in the surrounding counties of Duplin, Onslow, Pitt, and Greene.

**What is the current sales tax rate for Lenoir and other counties?**

The current sales tax rate for Lenoir County is 6.75% or six and three-quarters of a cent for a \$1.00 purchase. The North Carolina Department of Revenue has a tax rate list of all North Carolina counties.

**If the sales tax passes does it mean property taxes will not be increased?**

The sales tax lessens the pressure on property tax, but it will be up to the Board of Commissioners to determine the property tax rate during their annual budget discussions. Currently, property tax is the primary source of funding for Lenoir County Government services.

**How is a sales tax different from property tax?**

Property taxes are assessed based on the value of property you own. Not all residents own property. Businesses pay property taxes. Keeping property taxes low can help encourage economic development. Sales taxes are generated from monetary transactions. Visitors to Lenoir County would help support county services through a sales tax.

**What would be the effect on the taxpayer?**

The effect of an additional one-quarter ( $1/4\text{¢}$ ) sales and use tax on a \$100 purchase is twenty-five cents.