

RESOLUTION OF EDEN CITY COUNCIL
CONCERNING LOSS OF “TRANSITIONAL HOLD HARMLESS”
REIMBURSEMENT FUNDS

Whereas, in 2002 the General Assembly authorized an additional local option sales tax, and repealed existing reimbursements to local governments resulting from earlier repeal of the inventory tax base of local governments; and

Whereas, as part of the 2002 repeal of reimbursements, 122 municipalities and 17 counties had negative budget impacts from the combined repeal of reimbursement and new sales tax have received transitional hold harmless payment for ten years, and

Whereas, the growth in sales tax over the ten year period of reimbursement is less than projected, resulting in continuing losses to local governments receiving “transitional hold harmless” payments unless the ten year period is extended; and

Whereas, the 2011 – 2012 State Budget does not include extension of the “transitional hold harmless” period to protect those local governments from losses caused by the 2002 repeal of reimbursements; and

Whereas, the City of Eden will lose approximately \$9,700 in its 2013-2014 budget year due to the failure of the General Assembly to extend “transitional hold harmless” payments for a reasonable period of time to allow sales tax revenue to grow to replace the “transitional hold harmless” payments, and

Whereas, the city budget shortfall will shift the burden to the General Assembly’s inaction on extension of “transitional hold harmless” payments to the City of Eden citizens and taxpayers.

NOW THEREFORE, BE IT RESOLVED BY THE EDEN CITY COUNCIL THAT:

The North Carolina General Assembly is urged to restore “transitional hold harmless” payments to local governments for a reasonable period of time to allow growth in sales tax revenue to replace “transitional hold harmless” payments, as envisioned in 2002 when reimbursements to local governments were repealed.

Town or City local delegation to the General Assembly is urged to support restoration of “transitional hold harmless” payments to local governments for a reasonable period of time.

The North Carolina League of Municipalities is urged to make restoration of “transitional hold harmless” payment one of its highest legislative goals in the 2013 Session of the General Assembly.

Adopted by the Eden City Council this 20th day of November 2012.

John E. Grogan, Mayor

Sheralene Thompson, City Clerk