LEGISLATIVE
RESEARCH COMMISSION

INTERIM REPORT
TO THE

1979
GENERAL ASSEMBLY OF NORTH CAROLINA
SECOND SESSION, 1980

STATE REVENUE SHARING

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STATE OF NORTH CAROLINA

LEGISLATIVE RESEARCH COMMISSION

STATE LEGISLATIVE BUILDING

RALEIGH 27611

May 29, 1980

TO THE MEMBERS OF THE 1979 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits the report of its Committee on State Revenue Sharing.

Respectfully submitted,

Carl J. Stewart, Jr.   W. Craig Lawing

Co-Chairmen

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INTRODUCTION

The Legislative Research Commission authorized by Article 6B of Chapter 120 of the North Carolina General Statutes (G. S.), is a general-purpose legislative study group. A list of the membership of the Legislative Research Commission will be found in Appendix A.

Among the Commission's duties is that of making, or causing to be made, upon the direction of the Co-Chairmen of the Commission,

> such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner [G. S. 120-30.17(1)].

During the 1979 Session the General Assembly directed the Legislative Research Commission to conduct a variety of studies, among which was an examination of the issue of State revenue sharing. Resolution 67 of the 1979 General Assembly (First Session, 1979), Appendix B, mandated a study of all aspects of "the concept of State revenue sharing" and the development of "specific recommendations to the General Assembly on the feasibility of such a program in North Carolina."

The Commission assigned the study of State Revenue Sharing to its Committee on State Revenue Sharing (hereafter referred to as the "Committee"). Senator Benjamin D. Schwartz and Representative E. Graham Bell were appointed the cochairmen. The other members of the Committee were Senators T. Cass Ballenger, Harold W. Hardison, Robert B. Jordan, III, and Russell G. Walker; Representatives John T. Church, Robert L. McAlister, and Betty D. Thomas; and Mr. John T. Henley, Mr. Bud Black, and Mr. W. Stanford White.

COMMITTEE PROCEEDINGS

The Committee on State Revenue Sharing has devoted its four meetings to the examination of the issue of State revenue sharing in North Carolina. These meetings have stretched over a five-month period. A list of the witnesses appearing at the Committee's meetings is attached as Appendix C.

The Committee at its organizational meeting decided to study the different forms of taxation, the amount of revenue now available to local units of government, distribution formulas, costs mandated to the local units of government, and other aspects of revenue sharing.

More details of the Committee proceedings can be found in the minutes which are on file in the Legislative Library.

State-Shared Taxes

The present revenue scheme calls for a variety of distributions of tax money to local units of government by the State.

At present the Department of Revenue collects the following taxes for distribution to the local units of government: beer and wine, intangible personal property, sales and use, and franchise. No collection cost is withheld by the State for the collection of the beer and wine and franchise taxes. In addition, the motor fuels tax is distributed by the Department of Transportation. The revenue figures for these taxes for 1978-79 are set forth in Appendix D.

One source of revenue for municipalities is the State Street-Aid Allocation ("Powell Bill") Funds. This tax is administered by the Department of Transportation and is distributed to municipalities for use in the maintenance, repair, or construction of city streets. The municipalities also receive revenue from the utility franchise tax.

Counties and municipalities receive funds from the intangible personal property tax which is distributed in proportion to property tax levies. Counties and municipalities in which beer and wine are lawfully sold receive revenue from State beer and wine licenses. The local government sales and use tax and gasoline tax refunds are also distributed to counties and municipalities. The Clean Water Bond Act -- Water (Department of Human Resources) and Sewer (Department of Natural Resources and Community Development) System Grants for use in paying project costs are another source of revenue to cities and counties.

Counties receive money to cover the cost of Social Services under State (and federal) programs of public assistance. Public health service programs and mental health services are partially funded by State (and federal) grants administered by the Department of Human Resources.

These state-shared taxes are described in Appendix E.

Assessment Sales Ratio Study

Since the local property tax constitutes a large portion of the revenue of local government units, the Committee asked for a report on the Assessment Sales Ratio Study being conducted by the Local Government Commission. Chapter 1022 of the 1979 Session Laws authorized this study.

The property tax base is made up of three components: real property, tangible personal property, and public service company property.

Public service company property is appraised annually by the Ad Valorem Tax Division of the Department of Revenue. The appraised figures are presumed to be close to 100 per cent of true value and therefore this property has been excluded from the study.

Tangible personal property is listed and appraised annually by county tax supervisors. It is composed of household personal property (which is impossible to appraise accurately), motor vehicles (appraised by trade publications, therefore appraised at close to 100 per cent of true value), and business inventories (usually listed at book value with accuracy of appraisals difficult to ascertain). Due to the difficulty of obtaining access to the books and income tax returns of business taxpayers (which would be necessary to determine the accuracy of appraisals), the study will not include a study of tangible personal property.

The study will focus on real property and has begun developing specifications for the study. This study is discussed more fully in Appendix F.

Methods the State Can Use to Provide Fiscal Relief to Local Governments

The Committee considered several approaches to the State's providing fiscal relief to local governments which are outlined in Appendix G. These methods include the State's assumption of support for services now financed wholly or in part by local governments; the State's reimbursement to local governments for local expenditures or tax losses caused by State mandates; authorization to local governments to levy additional taxes; redesigning tax laws to decrease money to the State while increasing money to local governments; the State's payment to local governments for services rendered in connection with State-owned property; the State's sending State revenues back to local governments.

The Committee considered arguments raised for and against revenue sharing. Resolution 67, 1979 Session Laws, listed the following reasons favoring revenue sharing: The economic well-being of local government is important to the economic development of the State; it is beneficial to have spending decisions made at a level of government which is highly responsive to local needs; and general purpose aid can compensate for imbalances among local fiscal capabilities.

The Fiscal Research Section of the Legislative Services Office called the following additional reasons to the Committee's attention: The State's taxing power superiority over local governments; the undesireability and infeasibility of the local governments' reliance on the property tax as the primary source of support for governmental services; the potential use of revenue sharing to counterbalance State mandates requiring local expenditures or causing losses of local revenues; the State's efficient tax collection mechanism which would require little administrative effort by local governments; and the improvement of cash flow for local governments.

Revenue sharing could provide maximum flexibility in local spending, lessen need for lobbying each session of the General Assembly, and would increase automatically with inflation and economic growth.

Reasons presented against revenue sharing included: Divided taxing and spending responsibilities; diversion of tax collections from one location to another; lack of accountability in spending general-purpose aid; lack of attention paid to statewide priorities; decrease in caution in spending by local officials of money which they didn't raise; difficulty in modifying or reversing State aid.

Revenues and Expenditures for County Governments

Appendix N is a detailed statement of the position of the North Carolina Association of County Commissioners concerning State revenue sharing. The Association is seeking greater State financial participation in State/county programs of Education and Human Resources.

The property tax remains the most important source of county tax revenue (79 % since 1974). The property tax rates in North Carolina have remained relatively low compared to other states. Ninety-nine counties have adopted the local-option sales tax which is the second most important source of tax revenues. Following imposition of the sales tax, counties appear to have stabilized their property tax rates but property taxes appear to be rising again (raised in 51 counties in 1979/80).

State revenues have risen faster than county revenues and the bases of state revenues have grown faster than assessed property valuations, the main tax base for local government.

State-mandated services have also risen and now account for the bulk of all expenditures by counties when capital outlays are included. In the area of education, the percentage of state and federal support has declined while county financing has increased.

Revenues and Expenditures for Municipalities

The North Carolina League of Municipalities presented the following goals to the Committee in the area of State Revenue Sharing (as listed in Appendix H).

The distribution of beer and wine tax revenues (over $7.5 million in 1978/79) should continue to be based on the present percentage share.

Any repeal of the intangibles tax should be justifiable on broad public policy grounds and should be accompanied by a replacement of revenue loss to municipal government.

The local option sales tax is the source of $57 million annually in revenue to municipalities and the League is not recommending any change in the 1% local rate.

The utility franchise tax produces over $41 million in taxes annually and the League recommends no change in the tax rate or distribution.

The motor fuels tax produces over $34 million annually to municipalities. If the tax rate is increased, the League urges that the percentage rate for distribution to municipalities be maintained.

The profits from ABC revenues are an important source of revenue to some municipalities. The League proposes that the sharing of these revenues by the State and local governments be equalized by increasing the local portion of these revenues.

Non-Carrier Airport and Public Transportation Grants are now in place and the League urges increases in these grants as well as restoration of recreation grants for the purchase of land and construction of recreation facilities.

The League urges the passage of "circuit breaker" legislation wherein the State bears all or part of the cost of property tax exemptions which would prevent further erosion of the municipal tax base. It also calls for restoration of State funding for the Law Enforcement Officers' Benefit and Retirement Fund.

The Ad Valorem Tax Division of the Department of Revenue

The Committee studied the role of the Ad Valorem Tax Division which is a service agency for local units of government in their administration of the property tax. The information presented by the Division is set forth in Appendix I.

The Division supervises the administration of the property tax system by local units of government, appraises the property of all public service companies in the State and allocates the value to local taxing units, and serves as the staff of the Property Tax Commission.

The Division is totally funded from the intangibles tax ($254,374.31 in 1974).

The Division feels that taxpayers in North Carolina are very negative about taxes, particularly the property tax. One of the reasons for anger at the property tax is the dramatic increase in real property values caused by the eight-year reappraisal cycle (especially in inflationary times) and poor appraisal work.

Additional staffing, training, computerization and modernization of tax offices could aid property tax administration and reduce taxpayer complaints. With regard to the eight-year system, the Division feels the four-year adjustments should be mandated and enforced and eventually the capability of appraising real property annually should be developed.

With regards to the utility properties, the Division feels that possibly, except for the railroads, no statewide action will be brought against the property tax system. The Division received eight utility appeals in 1978.

The State could assist counties in appraising business inventories through use of income tax returns. However, there are some cases in which business property still will not be assessed.

In the area of tangible personal property, the Division states that 2.7% of the property tax base is comprised of household property, but 9.55% of a tax office's administrative costs are derived from this property. Repeal of the tax (which would be politically popular and simplify tax administration) would shift the tax burden to some extent from homeowners to business taxpayers and landlords.

The Division favors the use of periodic assessment-ratio studies to evaluate a county's administration of the property tax.

The Division of Medical Assistance of the Department of Human Resources

The Division of Medical Assistance furnished the Committee with requested statistical data and comparison tables, attached as Appendix J.

The Division served 388,000 people in 1978/79 who were among the State's poorest citizens. Thirty-nine percent were aged, blind or disabled and consumed seventy-five percent of the dollars spent. Health care in general is subject to the highest rates of inflation. According to the Division, a few people cost a great deal and a few services seem to be draining the budget.

The units of government which fund the services have very little control over their scope, duration, and intensity and the quality of care which is determined by the physician. Federal guidelines operate in the areas of rates and eligibility.

In 1978/79 counties spent $271 million for all human services of which $23 million was Medicaid.

North Carolina's System of Governmental Finance

Mr. Charles D. Liner, Assistant Director of the Institute of Government, presented information to the Committee on the background and current status of the State's system of Governmental Finance. His remarks are attached as Appendix K.

In many states local governments are responsible for providing and financing services at the local level whereas in North Carolina the State has accepted the responsibility. The State has assumed the financial responsibility in some instances (schools), taken over local government functions (roads), and shared state revenue sources with local units of government (see State-Shared Taxes).

In North Carolina financial responsibility for government services is centralized at the state level to a greater degree than elsewhere. In 1976/77 the State financed 70% of total State and local expenditures from North Carolina revenue sources, in contrast to an average of 55.5% for all states.

North Carolina's scheme of governments is simple and avoids the complex, overlapping, and fragmented nature of government schemes of many other states.

Mr. Liner listed the benefits of centralized fiscal responsibility, which include: Fiscal equalization throughout the State; reduced reliance on local property tax; and greater reliance on the progressive state system of taxation.

He outlined the three approaches now used by the State to share revenues (see also State-Shared Taxes): Formula grants for education, health, welfare, and social services programs; the State's assumption of administrative and financial responsibility for some functions traditionally provided by local governments; and the sharing of State revenues and tax base with local governments.

The following reasons for the State's provision of additional assistance to local units of government were presented to the Committee: The ability to raise property tax revenues to finance mandated services differs according to the income and wealth of the counties which results in inequalities. Local property tax increases meet an undue amount of opposition from citizens who feel frustrated in attempts to protest federal and State taxes. The speedy increase in State tax revenues is not reflected in the local tax base which is frozen between revaluations and often requires increases in property tax rates to meet the effects of inflation and increased demand for services. The demands on growing state revenues may actually decrease during the next decade. Further, if a reduction in taxes is required, it may be preferable to reduce property taxes rather than State income and sales taxes.

Mr. Liner outlined three alternatives for increased State revenue sharing: Increased State funding for statewide programs; increased state-shared revenue sources; and the creation of a State system of general revenue-sharing.

Fiscal Issues Affecting Local Governments in 1980

The Fiscal Research Section of the Legislative Service Office presented information to the Committee on fiscal issues affecting local governmental units which may be addressed by the Second Session of the 1979 General Assembly.

At present the following issues are being studied: School finance, school facility needs, state-local social services programs, state revenue sharing, and state aid to area mental health programs.

In addition, the following potential fiscal issues were listed by the staff (Appendix L): An increase in the local-option sales tax; neutralization of the loss to local governments from the homestead property tax exemption; State aid to less affluent counties in connection with property tax administration; funding for the Law Enforcement Officers' Benefit and Retirement Fund (See Revenues and Expenditures for Municipalities); a return to the 1977/78 ratios for reimbursement for support of persons in nursing and rest homes; State aid to cover county cost overruns in the Medicaid program; additional State aid for Area Mental Health Programs and elimination of local matching requirements; additional aid to municipalities for street maintenance and construction; and increased costs for transportation and heating fuel for schools.

Options for State Revenue Sharing

The Fiscal Research Staff of the Legislative Services Office prepared a chart on the options which were available to the Committee in the area of State revenue sharing (see Appendix M).

The Committee first studied the issue of whether or not there should be additional aid to local units of government. If a need for additional aid is determined, the routes would be through distribution of direct appropriations or additional revenues.

Direct appropriations could be distributed categorically or as general purpose aid (general revenue sharing).

Additional revenues could be distributed in the form of a share of State taxes or the allowance of more local option revenues.

Following decisions on the form of general revenue to be utilized, the Committee has available several factors to be used to determine the basis of distribution. The factors are the program need, ability to pay, population, a flat amount per local unit, or a combination of these.

The staff described several mechanisms the Committee could use to effect State revenue sharing, including aid in the area of property tax administration, restructuring aid to counties, and restructuring Powell Bill aid to municipalities.

APPENDIX A

LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP

House Speaker Carl J. Stewart, Jr.
Chairman

Representative Chris S. Barker, Jr.

Representative John R. Gamble, Jr.

Representative H. Parks Helms

Representative John J. Hunt

Representative Lura S. Tally

Senate President Pro Tempore
W. Craig Lawing, Chairman

Senator Henson P. Barnes

Senator Melvin Daniels, Jr.

Senator Carolyn Mathis

Senator R. C. Soles, Jr.

Senator Charles Vickery

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1979
RATIFIED BILL

RESOLUTION 67

HOUSE JOINT RESOLUTION 1299

A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY STATE REVENUE SHARING.

Whereas, the economic well-being of local government in North Carolina is important to the continued economic development of the State; and

Whereas, general purpose State aid, such as a State Revenue Sharing Program, allows the people of North Carolina to set government spending priorities at a level of government highly responsive to local needs; and

Whereas, a program of general purpose aid is one method for compensating for imbalances among local fiscal capabilities; Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

Section 1. The Legislative Research Commission may study the feasibility of a State revenue sharing program for North Carolina municipalities and counties.

Sec. 2. The Commission may make a thorough and comprehensive study and review of the concept of State revenue sharing, or other forms of State aid for general purpose local governments, and make specific recommendations to the General Assembly on the feasibility of such a program in North Carolina. The Commission may, among other things, specifically investigate current revenue trends of municipalities and counties, and State revenue sources to fund a State revenue sharing program.

Sec. 3. The Commission may call upon the Department of Revenue to cooperate with it in its study, and the Secretary of Revenue shall insure that its employees and staff provide full and timely assistance to the Commission in the execution of its duties. The Commission may also call upon officials of municipal and county governments to assist in its study.

Sec. 4. The Commission may report the results of its study to the 1981 General Assembly.

Sec. 5. This resolution shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 8th day of June, 1979.

JAMES C. GREEN

James C. Green

President of the Senate

CARL J. STEWART, JR.

Carl J. Stewart, Jr.

Speaker of the House of Representatives

APPENDIX C

LIST OF WITNESSES

Mark G. Lynch, Secretary
Department of Revenue

J. D. Foust
Director of State and Local Government Finance
Department of State Treasurer

Ronald Aycock
Executive Director
North Carolina Association of County Commissioners

S. Leigh Wilson
Executive Director
North Carolina League of Municipalities

Bill Hester
Director
Alcoholic Board of Control
Department of Commerce

D. R. Holbrook
Director of Ad Valorem Tax Division
Department of Revenue

Barbara Matula
Division of Medical Assistance
Department of Human Resources

Charles D. Liner
Institute of Government

Frank Justice
Director, and Staff of Fiscal Research Division
Legislative Services Office

Attachment B

NORTH CAROLINA DEPARTMENT OF REVENUE
AMOUNTS COLLECTED IN 1978/79 FOR DISTRIBUTION TO
COUNTIES AND MUNICIPALITIES

Distribution Method-Schedule Attached	Type of Tax	Total Amount Collected for Local Governments	Collection Cost Withheld by State	Intangible Tax Credit Against Franchise Tax	Net Distribution Counties	Net Distribution Municipalities
A	Beer and Wine	$ 12,913,292	$ -0-	$ -0-	$ 5,320,197	$ 7,593,095
B	Intangibles	41,055,826	1,403,709	1,882,367	25,654,932	12,114,818
C	Sales and Use	182,440,921	1,563,141	-0-	124,160,645	56,717,135
D	Franchise	41,315,778	-0-	-0-	-0-	41,315,778
E	* Motor Fuels	34,665,816	-0-	-0-	-0-	34,665,816
		$312,391,633	$2,966,850	$1,882,367	$155,135,774	$152,406,642
	Total Distribution to Local Governments				$307,542,416	

* Distribution is made by the Department of Transportation

November 1, 1979

Schedule A

Beer and Wine Tax - Distribution to Local Governments

Distribution Rate:

	Prior to October 1, 1979	Subsequent to October 1, 1979
Beer Tax Collections	23-3/4%	23-3/4%
Wine(Unfortified) Collections	50%	62%
Wine(Fortified) Collections	-0-	22%

Distribution Formula: Net beer and wine tax collections distributed on per capita basis, excluding from the basis the population of those areas (defined and prohibited) in which it is not legal to sell beer and wine.

Rate of Tax Levied by the Revenue Laws:

Beer - $15 per 31-gallon barrel or 53.376¢ per gallon for sizes less than one-fourth barrel
Wine (Unfortified) - 21¢ per liter (80¢ per gallon)
Wine (Fortified) - 24¢ per liter (90¢ per gallon)
Wine (Fortified & unfortified) manufactured in North Carolina from fruit and berries grown principally in North Carolina - 1 1/4¢ per liter (5¢ per gallon)

N. C. Department of Revenue
November 1, 1979

Schedule B

Intangibles Tax - Distribution to Local Governments

Distribution Rate: All intangibles taxes, less the following costs or credits, are distributed to local governments:

Operating cost of Intangibles Tax Division	$1,142,269
Intangibles tax credit on franchise tax	1,882,367
Operating cost of Ad Valorem Tax Division and Property Tax Commission	254,375
Expenses of Property Tax Study Committee (non-recurring)	7,065
Total	$3,286,076

Distribution Formula:

a. Collections on money on deposit in banks and on funds on deposit with insurance companies are allocated to each county in the State on the basis of the latest estimates of population.

b. Allocation of the tax on all other classes of intangible property is made on the basis of actual collections from each county. The total amount allocated to each county is then divided between the county and all municipalities therein in proportion to the total amount of ad valorem taxes levied by each during the fiscal year immediately preceding the distribution.

Rate of Tax Levied by the Revenue Laws:

a. 10¢ per $100 on money on deposit in banks and funds on deposit with insurance companies

b. 25¢ per $100 on all other intangibles

N. C. Department of Revenue
November 1, 1979

Schedule C

Sales and Use Taxes - Distribution to Local Governments

Distribution Rate: 1% rate on those transactions which the State taxes at the rate of 3%. (Mecklenburg County levy limited to $10 on one sale).

Distribution Formula: County Commissioners choose either the per capita method or the ad valorem method.

a. Per Capita Method: The net proceeds of the tax collected in a county are distributed to the taxing county and municipalities on a population basis.

b. Ad Valorem Basis: The net proceeds of the tax collected in a taxing county are divided between the county and municipalities therein in proportion to the total amount of ad valorem taxes levied by each during the fiscal year next preceding the distribution.

Rate of Tax Levied by the Revenue Laws: 3% plus 1% local levy.

N. C. Department of Revenue
November 1, 1979

Schedule D

Franchise Tax - Distribution to Local Governments

Distribution Rate: 3% of gross receipts from the sale of electricity, telephone service, piped gas, water, and sales of other similar public service companies within each municipality.

Distribution Formula: Sales by the above referred to public service companies for business conducted within each municipality are determined from reports filed with the Department of Revenue and 3% of the amount thus determined is allocated to the municipality in which the sale was made.

Rate of Tax Levied by the Revenue Laws: 6% with the 3% being allocated to municipalities

N. C. Department of Revenue
November 1, 1979

Schedule E

Motor Fuels Tax - Distribution to Local Governments

Distribution Rate: 1¢ tax on each gallon of motor fuel sold in North Carolina.

Distribution Formula: Seventy-five percent (75%) of said funds shall be distributed among the several eligible municipalities of the State in the percentage proportion that the population of each eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the Secretary of the North Carolina Department of Administration. This annual estimation of population shall include increases in the population within the municipalities caused by annexations accomplished through July 1 of the calendar year in which these funds are distributed. Twenty-five percent (25%) of said fund shall be distributed among the several eligible municipalities of the State in the percentage proportion that the mileage of public streets in each eligible municipality which does not form a part of the highway system bears to the total mileage of the public streets in all eligible municipalities which do not constitute a part of the State highway system. .

Rate of Tax Levied by the Revenue Laws: 9¢ per gallon

N. C. Department of Revenue
November 1, 1979

NORTH CAROLINA DEPARTMENT OF REVENUE
Cost Per $100 Net Collections
Fiscal Year 1977-78

Tax Division	Cost
Inheritance & Gift Tax	$ 1.96
Privilege License Tax	10.54
Beverage Tax	.29
Cigarette Tax	1.16
Soft Drink Tax	.69
Corporate Income & Franchise Tax	.23
Individual Income Tax	.96
Sales & Use Tax	.84
Intangibles Tax	3.09
Gasoline Tax	.28
* ALL DIVISIONS	$ .79

*1977-78 Net Collections $2,544,946,890 and Total Department Cost $19,997,608. Net Collections include Beverage Tax $12,921,962; Franchise Tax $37,513,624; Sales and Use Tax $154,832,251; and Intangibles Tax $35,117,419 collected by the Department of Revenue for local governments and distributed back to local governments.

State of North Carolina
Department of State Treasurer

PUBLICATION # 116
(Revised April 1979)
Attachment C

ARLAN E BOYLES
TREASURER

State and Local Government Finance Division
and the Local Government Commission

JOHN D FOUST
DEPUTY TREASURER

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities
in North Carolina

February, 1975

INTRODUCTION

The Local Government Commission (a division of the Department of the State Treasurer) offers this information for local government people who need such information in brief form.

The table of contents indicates that primary coverage is State-shared revenues. Many of these sources have been available for decades; some are new.

The second section covers a few selected Federal programs, most of which are administered by departments of State government. Our purpose in this area is not complete coverage, since in these changing times other thick volumes have been published and updated from time to time. For example, the 1974 Catalog of Federal Domestic Assistance, published in June 1974 by Executive Office of the President, Office of Management and Budget, is the eighth edition. The first edition was published in December, 1965. The Catalog is a comprehensive publication, including detailed information on programs of assistance available from the Federal level of government.

Each local unit should determine whether the State-shared revenues, as indicated, are being currently received. If not, the local unit should make inquiry with the appropriate State department.

As with all other publications, we are receptive to the readers' suggestions for improvement.

325 N SALISBURY STREET RALEIGH NORTH CAROLINA 27611 (919) 733-3064

NOTICE TO CERTIFIED PUBLIC ACCOUNTANTS AUDITING COUNTIES OR MUNICIPALITIES

The North Carolina Department of Revenue has arranged for their Tax Research Division to respond to all confirmation requests relative to county and municipal financial statement audits. This will facilitate responses to such confirmation requests for the Accountants and for the Department of Revenue. Therefore, in the future, it is urged that all confirmation requests to the Department of Revenue be addressed to the Tax Research Division and not to the separate Tax Divisions. Also, only one letter or form need be used to make confirmation requests for all of the following taxes:

Refund of Sales and Use Tax Paid
Local Government Sales and Use Tax
Intangible Personal Property Tax
Beer and Wine Excise Tax
Franchise Tax
Refund of Gasoline Tax Paid

In requesting confirmations, it will be preferable, but not necessary, for the public accounting firm to specify in one letter all of the counties and municipalities for which they desire confirmations. Unless requested otherwise, disbursement of all of the above listed payments will be confirmed even if the request applies only to one of the taxes. Confirmation requests should be addressed to:

Tax Research Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640

The Department of Revenue has concluded that since the information being requested is public information, the Department will honor requests made directly by the accounting firm, making it unnecessary to obtain the signature of a local government official.

INTERGOVERNMENTAL REVENUE SOURCES

CONTENTS

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments
and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	Intangible Personal Property Tax
Statutory Reference	G. S. 105-213
Administered by	N. C. Department of Revenue
Eligible Recipients	Counties and municipalities
Action required by Unit	File annual reports with N. C. Department of Revenue, Tax Research Division on: Form TR-1, Report of Valuation and Taxes (Counties), or Form TR-2, Report of Financial Transactions (Cities and Towns). Reports due February 15 of each year.
Restrictions or Limitations on Use of Money	Proceeds to be distributed to accounting "funds" in proportion to property tax levies. (Lincoln and Polk Counties exempt; Anson County partially exempt).
Scheduled payment Date or Dates	About August 15.
Accounting Treatment	Allocate to "funds" in proportion to general property tax levy. (Lincoln and Polk Counties: all to General Fund; Anson County: allocate to School Funds and General Fund.)
Audit Requirements	Covered by regular annual audit by an independent CPA.
Confirmation Is Available to CPA from	See page b
Special Reports Required	Forms TR-1 and TR-2 are sources of information required by Intangibles Tax Division. Reports due February 15.

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	State Street-Aid Allocation ("Powell Bill" Funds)
Statutory Reference	G. S. 136-41.1 through G. S. 136-41.3
Administered by	N. C. Department of Transportation
Eligible Recipients	Municipalities electing municipal officials, levying property taxes and adopting annual budget
Action required by Unit	Survey by registered engineer or surveyor of street mileage. Annual report: see "Special Reports Required" below.
Restrictions or Limitations on Use of Money	Proceeds to be used only for maintaining, repairing, constructing, reconstructing or widening streets, including bridges, drainage, curb and gutter, within corporate limits. Proceeds may also be used for debt service payments on bonds issued for above purposes.
Scheduled payment Date or Dates	October 1.
Accounting Treatment	Maintain a separate group of accounts indicating in detail all receipts and expenditures of such funds. Such records may be within the General Fund.
Audit Requirements	Related records supporting annual report may be examined by auditor of North Carolina Department of Transportation and Highway Safety
On Request by Client Confirmation is Available to CPA from	North Carolina Department of Transportation Planning and Research Branch Raleigh, North Carolina 27601
Special Reports Required	Annual statement of expenditures on form supplied by North Carolina Department of Transportation; due on or before August 1

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	Utility Franchise Tax
Statutory Reference	G. S. 105-116 and G. S. 105-120
Administered by	N. C. Department of Revenue
Eligible Recipients	Municipalities
Action required by Unit	Newly incorporated municipalities should notify the Secretary of State and the North Carolina Department of Revenue
Restrictions or Limitations on Use of Money	Those imposed on non-tax revenues by General Statutes
Scheduled payment Date or Dates	March 15, June 15, Sept 15, Dec 15
Accounting Treatment	Deposit check in General Fund to the credit of appropriate revenue account
Audit Requirements	Covered by regular annual audit by an independent CPA.
Confirmation is Avail- to CPA from	See page b
Special Reports Required	None

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	State Beer and Wine Licenses
Statutory Reference	G. S. 105-113.86 (p) and G. S. 105-113.87
Administered by	N. C. Department of Revenue
Eligible Recipients	Counties and municipalities in which beer and wine are lawfully sold
Action required by Unit	None
Restrictions or Limitations on Use of Money	Proceeds to be used as any other general or suplus funds may be used.
Scheduled payment Date or Dates	November 25
Accounting Treatment	Deposit check in General Fund to the credit of appropriate revenue account
Audit Requirements	Covered by regular annual audit by an independent CPA.
Confirmation is Available to CPA from	See page b
Special Reports Required	None

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities in North Carolina

STATE SHARED TAXES

Name or Purpose	Local Government Sales and Use Tax
Statutory Reference	G. S. 105-472
Administered by	N. C. Department of Revenue
Eligible Recipients	Counties and Municipalities
Action required by Unit	County should notify N. C. Department of Revenue when first such tax is levied, sending certified copy of resolution of Board of County Commissioners and statement from County Board of Elections if voter referendum was held.
Restrictions or Limitations on Use of Money	None
Scheduled payment Date or Dates	Quarterly basis; February 1, May 1, August 1 and November 1
Accounting Treatment	Deposit check to credit of General Fund and/or other funds according to annual budget.
Audit Requirements	Covered by regular annual audit by an independent CPA.
Confirmation is Available to CPA from	See page b
Special Reports Required	None, except that those counties and municipalities to which tax is distributed on the basis of ad valorem levies must file Form TR-1 or TR-2 by February 15 with N. C. Department of Revenue or lose the allocation of 1¢ sales tax.

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	Refunds of State Sales and Use Tax
Statutory Reference	G. S. 105-164.14
Administered by	N. C. Department of Revenue
Eligible Recipients	Counties, municipalities, sanitary districts and metropolitan sewerage districts
Action required by Unit	File annual claim for refund on or before December 31 for fiscal year ended June 30. Penalties for late filing.
Restrictions or Limitations on Use of Money	None
Scheduled payment Date or Dates	Reasonable time after claim for refund is received by N. C. Department of Revenue.
Accounting Treatment	Maintain records to adequately justify claims. Deposit to credit of fund or funds which paid the sales and use tax.
Audit Requirements	Covered by regular annual audit by an independent CPA.
Confirmation is Available to CPA from	See page b
Special Reports Required	None, other than claim for refund mentioned above.

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	Refund of Local 1¢ Sales and Use Tax
Statutory Reference	G. S. 105-467: ". . . the refund provisions in G. S. 105-164.14 shall apply . . . to the local sales and use tax levied under this Article."
Administered by	N. C. Department of Revenue
Eligible Recipients	Counties, municipalities, sanitary districts and metropolitan sewerage districts.
Action required by Unit	File annual claim for refund on or before December 31 for fiscal year ended June 30. Penalties for late filing.
Restrictions or Limitations on Use of Money	None
Scheduled payment Date or Dates	Reasonable time after claim for refund is received by N. C. Department of Revenue
Accounting Treatment	Maintain records to adequately justify claims. Deposit to credit of funds which paid the sales and use tax.
Audit Requirements	Covered by regular annual audit by an independent CPA
Confirmation is Available to CPA from	See page b
Special Reports Required	None, other than claim for refund mentioned above

STATE-SHARED TAXES

Name or Purpose	Gasoline Tax Refunds
Statutory Reference	G. S. 105-446.1
Administered by	N. C. Department of Revenue
Eligible Recipients	Counties, municipalities, county fire departments, volunteer fire departments (Boards of Education are exempt from paying tax to suppliers by G. S. 105-449.)
Action required by Unit	Claims for refund must be filed for each calendar quarter, on or before January 31, April 30, July 31 and October 31. Penalties for late filing
Restrictions or Limitations on Use of Money	None
Scheduled payment Date or Dates	Approximately 30 days after receiving claim for refund.
Accounting Treatment	Deposit refund check in fund which paid the tax. Maintain adequate records for preparation and support of claims.
Audit Requirements	Covered by regular annual audit by an independent CPA.
Confirmation is Available to CPA from	See page b
Special Reports Required	None, other than claimsfor refund mentioned above.

STATE-SHAR□D TAXES

Name or Purpose	Social Services - State and Federal Programs of Public Assistance
Statutory Reference	G. S. Chapter 108, Federal Social Security Act
Administered by	N. C. Department of Human Resources
Eligible Recipients	Counties
Action required by Unit	County director of social services shall compile and submit to county board of social services an estimate of total funds required to finance each program of public assistance. This starts budget cycle (See G. S. 108-54 and 108-55).
Restrictions or Limitations on Use of Money	Must comply with rules and regulations of the State Social Services Commission (G. S. 143B-153) as administered by the N. C. Department of Human Resources.
Scheduled payment Date or Dates	Quarterly (or more often if appropriate, G. S. 108-52).
Accounting Treatment	G. S. 108-56 authorizes budget ordinance and accounting system to be set up (i) as separate lines within general fund, or (ii) in separate funds for each program, or (iii) within a single public assistance fund
Audit Requirements	Covered by regular annual audit of county by an independent CPA. Subject to audit by auditors of Department of Human Resources.
On Request by Client Confirmation is Available to CPA from	N. C. Department of Human Resources, Social Services Division 325 North Salisbury Street Raleigh, North Carolina 27611
Special Reports Required	As required by N. C. Department of Human Resources.

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments
and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	Clean Water Bond Act - Water System Grants
Statutory Reference	1971 Session Laws, Chapter 909, as amended by Chapter 232 of 1973 Session Laws
Administered by	N. C. Department of Human Resources, Division of Health Services
Eligible Recipients	Counties, municipalities, sanitary districts, metropolitan sewerage district, any other political subdivision empowered to provide water supply to the public
Action required by Unit	Application for grant must be filed with the N. C. Department of Human Resources.
Restrictions or Limitations on Use of Money	Proceeds to be used to pay project costs, in compliance with Rules and Regulations adopted pursuant to the Clean Water Bond Act of 1971
Scheduled payment Date or Dates	Progress or lump sum payments as determined by and authorized by the administering State Department
Accounting Treatment	Establish and maintain a Capital Project Fund for each project. This fund should account for all money used in financing the project
Audit Requirements	See Rules and Regulations, Section 19.0, Audit of Projects
On Request by Client Confirmation is Available to CPA from	N. C. Department of Human Resources, Division of Health Services P. O. Box 2091 Raleigh, North Carolina 27602
Special Reports Required	As requested by Division of Health Services, including Form 210, monthly budget report

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments
and Public Authorities in North Carolina

STATE-SHARED TAXES

Name or Purpose	Clean Water Bond Act - Sewer System Grants
Statutory Reference	1971 Session Laws, Chapter 909, as amended by Chapter 232 of 1973 Session Laws
Administered by	N. C. Department of Natural & Economic Resources, Division of Environmental Management
Eligible Recipients	Counties, municipalities, sanitary districts, metropolitan sewerage districts, any other political subdivision empowered to provide wastewater collection systems or treatment works for the public.
Action required by Unit	Application for grant must be filed with the N. C. Department of Natural and Economic Resource
Restrictions or Limitations on Use of Money	Proceeds to be used to pay project costs, in compliance with Rules and Regulations adopted pursuant to the Clean Water Bond Act of 1971
Scheduled payment Date or Dates	Progress or lump sum payments as determined by and authorized by the administering State Department
Accounting Treatment	Establish and maintain a Capital Project Fund for each project. This fund should account for all money used in financing the project.
Audit Requirements	See Rules and Regulations, Section 19.0, Audit of Projects
On Request by Client Confirmation is Available to CPA from	N. C. Department of Natural and Economic Resources, Division of Environmental Managemen P. O. Box 27687 Raleigh, North Carolina 27611
Special Reports Required	As requested by Division of Environmental Management

INTERGOVERNMENTAL REVENUE SOURCES

Available to Local Governments and Public Authorities in North Carolina

STATE-SHARED REVENUES

Name or Purpose	Public Health Service Programs - State and Federal Grants
Statutory Reference	G. S. Chapter 130 (G. S. 130-21 authorizes local appropriations)
Administered by	N. C. Department of Human Resources, Division of Health Services
Eligible Recipients	Counties and district health departments
Action required by Unit	Execute annual contract with the Department of Human Resources, Division of Health Services
Restrictions or Limitations on Use of Money	In compliance with Local Government Budget and Fiscal Control Act and with terms of agreements with Division of Health Services.
Scheduled payment Date or Dates	When annual contract is approved, one-fourth of allotment is paid, with monthly payments thereafter.
Accounting Treatment	Expenditures should be so classified by programs to provide for preparation of reports to the Division of Health Services
Audit Requirements	Covered by regular annual audit by an independent CPA.
On Request by Client Confirmation is Available to CPA from	Department of Human Resources, Division of Health Services Cooper Memorial Health Building Raleigh, North Carolina 27603
Special Reports Required	Monthly Budget Report, on Form 210; Monthly Expenditure Report and Request for Payment on Form 211. Both forms available from Division of Health Services.

STATE-SHARED TAXES

Name or Purpose	Mental Health Services - State and Federal Grants
Statutory Reference	Chapter 122 of the General Statutes
Administered by	N. C. Department of Human Resources, Division of Mental Health Services
Eligible Recipients	Counties, cities (over 25,000 population) and local mental health authorities. Also joint county and/or city mental health clinics.
Action required by Unit	A board of county commissioners or governing body of a city with population over 25,000 may apply to Department of Human Resources for its approval of a local mental health authority and for grants-in-aid to finance it.
Restrictions or Limitations on Use of Money	Federal and State grants-in-aid are allocated on a variety of formulas nearly all based on matching local funds. Operations must be in accordance with rules and regulations of the State Commission for Mental Health Service.
Scheduled payment Date or Dates	Appropriations allocated in accordance with annual plan, paid periodically.
Accounting Treatment	Expenditures should be classified to facilitate reporting to Division of Mental Health Services.
Audit Requirements	Covered by regular annual audit by an independent CPA. Subject to audit by Federal and Department of Human Resources staff auditors.
On Request by Client Confirmation is Available to CPA from	Department of Human Resources, Division of Mental Health Services 325 North Salisbury Street Raleigh, North Carolina 27611
Special Reports Required	Quarterly reports on forms supplied by Division of Mental Health Services.

FEDERAL GRANTS OR LOANS

Name or Purpose	U. S. Forest Service Allocations to Counties
Statutory Reference	Federal law (16 USC 500)
Administered by	N. C. Department of Administration
Eligible Recipients	Counties which have a National Forest or part of one within their borders.
Action required by Unit	None
Restrictions or Limitations on Use of Money	Proceeds to be used for "school purposes".
Scheduled payment Date or Dates	September
Accounting Treatment	Deposit to fund from which school appropriations are made.
Audit Requirements	Covered by regular annual audit of the county by an independent CPA.
Confirmation Available to CPA from	Data attached to remittance from State Treasurer
Special Reports Required	None

FEDERAL GRANTS OR LOANS

Name or Purpose	Farmers Home Administration Grants or Loans for Water and Sewer Systems in Rural Communiti
Statutory Reference	Consolidated Farmers Home Administration Act of 1961, as amended
Administered by	FARMERS HOME ADMINISTRATION, U. S. DEPARTMENT OF AGRICULTURE
Eligible Recipients	Municipalities, counties and sanitary districts outside of urbanized areas.
Action required by Unit	Call or write your County Supervisor, Farmers Home Administration. Loans have been made by FHA to many towns for this purpose, but grants may be more difficult to justify.
Restrictions or Limitations on Use of Money	Proceeds to be used only for project costs as provided in loan agreement with Farmers Home Administration
Scheduled payment Date or Dates	Grants are paid last as work progresses. Loans are paid after work is approximately 75% completed.
Accounting Treatment	Establish and maintain a Capital Project Fund to account for all revenue and costs of the project, in accordance with Local Government Budget and Fiscal Control Act.
Audit Requirements	Covered by regular annual audit by an independent CPA.
Confirmation Available to CPA from	Documents in client's office.
Special Reports Required	As requested by Farmers Home Administration.

FEDERAL GRANTS OR LOANS

Name or Purpose	Law Enforcement Assistance Grants
Statutory Reference	Crime Control Act of 1973, P. L. 93-83 as amended.
Administered by	N. C. Department of Natural and Economic Resources, Division of Law and Order.
Eligible Recipients	Counties and municipalities
Action required by Unit	Inquire of Regional Office of N. C. Department of Natural and Economic Resources.
Restrictions or Limitations on Use of Money	Proceeds to be used as agreed on in grant application, subject to compliance with Federal and State laws and regulations.
Scheduled payment Date or Dates	Quarterly requests for reimbursement which must be submitted by county or city will be paid by State.
Accounting Treatment	Maintain separate group of accounts indicating in detail all receipts and expenditures of such grants to facilitate preparation of special reports required by administering State department. Such records may be in the General Fund.
Audit Requirements	Subject to regular annual audit by an independent CPA. Also subject to conformance audit by Department of Natural and Economic Resources and Federal government.
On Request by Client Confirmation is Available to CPA from	For grants received directly from the State department: Department of Natural and Economic Resources, Division of Law and Order P. O. Box 27687 Raleigh, North Carolina 27611
Special Reports Required	Quarterly reports of expenditures in form required by: N. C. Department of Natural and Economic Resources, Division of Law and Order

Attachment D

APPENDIX F

STATEMENT TO COMMITTEE ON STATE REVENUE SHARING

by J. D. Foust

November 2, 1979

Chapter 1022 of the 1979 Session Laws appropriates $150,000 to the Department of State Treasurer to be "used by The Local Government Commission for the sole purpose of making or contracting to have made a study of the ratio of appraised value of real and personal property to its true value in each county and publishing the results of the study . . ." The legislation does not direct the Local Government Commission to report the study's results to any specified agency or official, nor does it direct that any analysis be made of the results or the development of recommendations based thereon. It may have been intended that the results be used in conjuntion with a recommendation of the Governor's Commission on Public School Finance that state financial support of the public school system should take into account "variations in fiscal ability among administrative units."

In our efforts to carry out the responsibilities assigned to the Department of State Treasurer by Chapter 1022, we have formed an ad-hoc advisory committee with representatives from the Institute of Government, Ad Valorum Tax Division of the Department of Revenue, State Board of Education, and Land Records Office. Since July we have worked closely with individuals on the committee and have talked with a number of consultants who perform assessment sales ratio studies.

Defining the problem which this study is to address has been very interesting. The property tax base is made up of three components: real property, tangible personal property, and the property of public service companies.

The property of public service companies is appraised annually by the Ad Valorem Tax Division of the Department of Revenue. It can be safely assumed that the ratio of appraised to true value of this component of the tax base is very close to 100 percent. Therefore, we have assumed that this property would be excluded from the study.

Tangible personal property is listed and appraised annually by the county tax supervisors. Thus, in theory, the valuation of this component of the tax base represents 100 percent of true value. Tangible personal property falls into three broad categories: (1) household personal property (including farm machinery); (2) motor vehicles; and (3) business inventories, machinery, and equipment. Of these, business inventories, machinery, and equipment account for about 70 percent of taxable value and motor vehicles represent about 20 percent. Household personal property and agricultural machinery make up the remaining 10 percent.

Since motor vehicles are appraised by use of trade publications, it can be assumed that this portion of the tax base is now being appraised at close to 100 percent of true value.

Household personal property is impossible to appraise with any acceptable degree of accuracy. Most counties now use a more or less arbitrary percentage of the value of one's residence or a multiple of monthly rent to estimate the value of household personal property. A study to validate these percentages would be possible, but the cost of doing so would be greatly out of proportion to the significance of the results to the overall tax base.

Business inventories are listed for taxation by dollar amount rather than by item. Thus, for this type of property, listing and appraisal are simultaneous acts. Most counties require taxpayers to list business inventory at its book value as of the close of the taxpayer's fiscal year. This value is routinely accepted as the "true value" of the property. The only "appraisal" of inventories conducted is periodic audit of the taxpayer's books or comparison of inventory value listed for property taxation with that claimed on the taxpayer's income tax return. Well conducted audit programs (which do not exist in some counties) reveal some underlisting (and therefore under-appraisal) of business inventories, but there are no data on which to base a statewide estimate of the extent of this practice.

There is no prevailing method of appraising business machinery and equipment. A few counties rely on taxpayer-supplied figures as in the case of inventories. Others secure professional appraisals of manufacturing machinery during octennial revaluation years and depreciate those values to a pre-determined residual until the next revaluation. Increasingly, counties are turning to a method known as trending, which corresponds to the replacement-cost-new-less-depreciation method of appraising real property. As in the case of inventories, the appraisal of machinery and equipment relies heavily on audit techniques requiring access to the taxpayer's books and income tax returns.

The foregoing summary of the techniques of appraising personal property leads to the conclusion that it is not feasible to carry out that portion of Chapter 1022 mandating a study of the ratio of appraised value of personal property to true value--certainly not within the funds appropriated for the study. With the exception of motor vehicles, such a study would require access to the books and income tax returns of business taxpayers. The State Treasurer is not among the public officials allowed access to income tax returns by G.S. 105-259, and it is doubtful that public officials have such access could lawfully exercise that right in aid of a statewide sales ratio study that is not directly related to their official duties. Without subpoena powers, the State Treasurer has no right of access to business taxpayers' business records. Even if these rights of access did exist, there are no generally accepted techniques for conducting ratio studies of personal property and, to our knowledge, no competent assistance available to devise such techniques at reasonable cost. Our conclusion is that the study must either assume that all taxable personal property is now listed for taxation at 100 percent of true value or assume some lesser percentage.

We have concluded that it is practical to focus the study on the real property tax base. Specifications for the study are being developed and a Request For Proposal (RFP) is being written. We expect to mail the RFP to prospective contractors very shortly.

Attachment 2

APPENDIX G

Remarks to
THE LEGISLATIVE RESEARCH STUDY COMMITTEE ON STATE REVENUE SHARING
by
Frank Justice, Director, Fiscal Research Division

From a technical standpoint, there are several basic approaches to the State's providing fiscal relief to local governments:

(1) The State can assume support of services presently financed by local governments.

(2) The State can assume a larger share of the support of existing shared-cost programs.

(3) The State can reimburse local governments in whole or in part for local expenditures or tax losses caused by State mandates.

(4) The State can authorize local governments to levy additional taxes (although for some governments this would be like taxing public assistance recipients to pay for that program).

(5) The State can design its tax laws in such a way that, while its revenues are reduced, there is a gain to local governments. An example of this device is the exemption from the 9¢ per gallon motor fuel tax of gasoline purchased by local boards of education for use in public school transportation.

(6) The State can make payments in lieu of taxes to local governments for services rendered by those governments in connection with State-owned property, such as fire and police protection and garbage removal.

(7) The State can send State revenues back to local governments.

Since this Committee's interest is primarily in item (7) above, it would be useful to look first at some of the pros and cons of revenue sharing and then to examine the two basic forms of it.

WHY REVENUE SHARING?

According to the preamble of Resolution 67 of 1979, which authorized the study of revenue sharing:

(1) The economic well-being of local government is important to the economic development of the State.

(2) General purpose aid accommodates spending decisions at a level of government which is highly responsive to local needs.

(3) General purpose aid can be designed to compensate for imbalances among local fiscal capabilities.

Additionally:

(4) The State's taxing powers are far superior to those of local governments.

(5) Most local governments are within reach of the upper limit of reliance on the unpopular and relatively inelastic property tax as a source of support for governmental services, while their needs continue to grow.

(6) Revenue sharing can be used to counterbalance State mandates which either require local expenditures or cause losses of potential local revenues.

(7) The efficient mechanism for tax collection by the State is already in place, and very little administrative effort is required on the part of local governments.

(8) Revenue sharing improves cash flow for local governments.

And strictly from the standpoint of local governments:

(9) General purpose aid can provide maximum flexibility in local spending.

(10) If revenue sharing is tied to a specific tax,

(a) requests for aid do not have to be repeated with every session of the General Assembly; and

(b) the amount of aid tends to increase automatically with inflation and economic growth.

But:

(1) Critics of revenue sharing point to the undesirable aspects of:

(a) Divided taxing and spending responsibilities.

(b) The diversion of tax collections from one location to another.

(c) The lack of accountability in the spending of general purpose aid.

(2) If the aid is in the form of a share of a specific tax or taxes, the amount lost by the State is not controllable by specific act of the General Assembly.

(3) If total flexibility in spending is permitted, revenue sharing does not take statewide priorities into account.

(4) Local officials may tend to be less cautious in the spending of funds which they did not have to raise.

(5) Once in place, it is all but impossible to modify or reverse an item of State aid.

BASIC FORMS OF REVENUE SHARING

A.

Appropriation of a sum certain for block grants (Example: federal revenue sharing)

Considerations:

(1) Controllable as to amount by the General Assembly.
(2) Easily reviewed at each session of the General Assembly.
(3) Aid to counties only, to municipalities only, or to both?
(4) Returning money to the localities which generated the revenues is not a serious consideration, which means that an equitable distribution formula must be developed.

B.

Sharing the proceeds of specific taxes (Examples: State Franchise and Beverage taxes presently shared with local governments)

Considerations:

(1) Different taxes grow at different rates.
(2) Share a tax not now shared, or increase the proportion of a tax presently shared?
(3) Extend sharing to counties of taxes now shared only with municipalities?
(4) Uncontrollable as to amount.
(5) Seldom reviewed by the General Assembly.
(6) General redistribution of revenues, or send the money back to where it came from?

12/13/79

STATEMENT
of the
NORTH CAROLINA LEAGUE OF MUNICIPALITIES
before the
COMMITTEE ON STATE REVENUE SHARING
LEGISLATIVE RESEARCH COMMISSION
December 13, 1979

Thank you Mr. Chairman. Lady and Gentlemen, I am Leigh Wilson, Executive Director of the North Carolina League of Municipalities and our organization of 440 cities and towns is pleased to have this opportunity to share with you our views regarding state revenue sharing as it relates to municipal government.

In today's uncertain economic climate and with the leveling off or actual decline in state government revenues, it is a time when fiscal constraints are necessary at all levels of government. Therefore, we request that you give consideration to continuing current state revenue sharing with municipalities at current levels and to the prospect of providing modest increases in shared revenues for municipal functions or services that directly contribute to the economic growth and development of the entire state.

Municipal officials are anxious to work in concert with the state to provide the services and facilities at the local level that are essential for the sound growth and economic development of North Carolina. To this end, I would like to outline several alternatives for the committee's consideration.

First, I would like to submit our recommendations regarding the state shared revenues which were outlined for you by the Department of Revenue at your last meeting.

A. <u>Beer and wine tax</u> - The distribution of the beer and wine tax to municipalities in 1978-79 amounted to over $7.5 million. We are basically pleased with the present distribution formula, which was effective October 1, 1979, and if any increase or other change is made in the rate of taxation; we respectfully request that the present percentage share remain the same.

B. Intangibles tax - We are well aware of the fact that the intangibles tax is a controversial levy and there is strong support in the General Assembly for repeal. I would remind the committee that the last session of the General Assembly repealed a part of this tax on checking accounts resulting in a loss of approximately $600,000 for local governments. We can only restate our long-standing policy that the League will resist repeal or reduction in the intangible property tax unless it can be justified on broad public policy grounds and unless it is accompanied by a replacement of the present and future revenue loss to municipal governments.

C. Sales and use tax - The local option sales tax produces almost $57 million annually for municipalities and at present all but 7 of North Carolina's active cities and towns share this valued revenue source. These 7, all located in one county, may also share this revenue if the voters approve this levy in the May Referendum. We do not recommend any change in the 1% local rate, but we do recommend that if any exemptions or reductions are considered in the state's 3% schedule that the resulting revenue loss to local governments be replaced by state funds, either by revising other parts of the state's sales tax schedule or from other state sources.

D. Utility franchise tax - This tax produces over $41 million annually under what we consider a very equitable and uniform means for levying a reasonable tax on utility companies for the privilege of using the public rights-of-way. We would recommend no change in the rate of taxation or the method of distribution and we would oppose sharing this revenue with any other political subdivision as being unjustified, because only the state and its municipal governments provide public rights-of-way for public utility companies.

E. Motor fuels - Municipalities receive over $34 million annually from a one cent gas tax levy to assist with the construction and maintenance of Municipal streets, known generally as the "Powell Bill". As of July, 1979, there were 11,954 miles of municipal streets which represents approximately 11% of the total highway and street mileage in the state. This present one cent gasoline tax now represents approximately 11% of the total nine cent state tax which is an equitable sharing that should be continued.

If the recommendation is made to the 1981 General Assembly to increase the state gasoline tax, we strongly recommend that this same percentage for sharing this revenue with municipalities for local streets be maintained. An adequate system of urban highways and municipal streets is absolutely essential for the growth and development of the entire state.

ABC Revenue

The distribution of the profits from the operation of ABC stores in many locations across the state is an important source of revenue to those municipalities which have municipal ABC systems, and those which share in the revenues of county-wide systems. For many years, the state's share of the proceeds, in the form of a tax, and the local share, in the form of net revenues, were about equal. However, at present the state's share is substantially greater--about $42.7 million (57.8%) compared to the local share of $31.2 million (42.2%). It is one of our goals to once again equalize the sharing by increasing the local portion of these revenues.

State Grants

(1) Non-Carrier Airport Grants - The General Assembly has appropriated $7.2 million for the 1979-81 biennium for state matching grants for non-carrier airports. This financial assistance for airport development is now more important than ever before because of airline deregulation. These airports will play an increasingly important part in the economic development of this state and we respectfully request your consideration for increases in these grants based upon the needs study prepared by the Department of Transportation.

(2) Public Transportation Grants - The General Assembly has also recognized the need to assist municipalities in providing public transportation systems, particularly in our larger cities. The appropriation for these grants for 1979-81 is $2.68 million. These grants are for capital improvements only and we recommend that you increase these grants and also consider making these funds available for the operation of public transportation systems.

In support of both recommendations, I urge the committee to obtain copies of the Airport and Public Transportation Needs Study that has been prepared by the Department of Transportation and now is in the process of being updated. This report well demonstrates the growing need for further financial assistance for airports and public transportation systems if this state is to compete with our neighboring states in attracting new business and industry in the decade ahead.

(3) Recreation Grants - In years past, the General Assembly saw fit to make modest grants to local governments for the development of public recreation facilities to supplement the declining federal grants. The current state budget does not include grants for this purpose even though federal grants continue to decline. We respectfully request that the General Assembly place a higher priority on the development of a system of state and local government recreation facilities, and in doing so, consider restoring grants to local governments for the purchase of land and the construction of recreation facilities. An improved, more accessible, state and local system providing adequate recreation for all citizens is another important factor in the economic development of North Carolina.

Property Tax - Circuit Breaker

The ad valorem property tax is and will continue to be the major source of revenue for municipalities. In recent years at each session of the General Assembly, additional property tax exemptions have been provided for the elderly, disabled and economically disadvantaged. For the most part, it is difficult to quarrel with this type of tax relief.

However, municipalities are compelled to resist further erosion of the municipal tax base. Municipalities cannot keep pace with spiraling inflation and meet the demands for reasonable levels of service if their major source of revenue is eroded further.

We request that a new type of state revenue sharing be considered. This is the so-called "circuit breaker" type of legislation where the state from state revenues bears all or part of the cost of the property tax exemptions. 35 states now provide some type of circuit breaker tax relief for their local governments and we believe the time has come for the state to assume its share of cost of providing tax relief for deserving property owners. We will be pleased to furnish you with recommended plans for this type of legislation.

State Share of General Revenue Sharing

The next session of Congress may alter the requirements for the distribution of the state's share of federal General Revenue Sharing. Apparently, there will be a major effort to reduce or eliminate entirely approximately $50 million the state now receives from this federal entitlement program. As an alternative, there appears to be congressional support for requiring states to target these funds for certain purposes or to require the state to pass through to local governments the state's share.

Let me make it very clear that the League of Municipalities strongly supports the continuation of the state's share of General Revenue Sharing in its present form. We have pledged this support to Governor Hunt and advised the North Carolina Congressional Delegation of this position. However, in the event the Congress decides to make some change in the state's allocation and if they should determine that the state's share should be passed through to local governments, we respectfully request your consideration of two possible alternatives: (1) Pass through these funds to local governments based on the current revenue sharing formula for distribution to counties, cities and towns. Or (2) If the state is required to target these funds for the support of local government, we suggest providing additional funding for the state's balanced growth program. The Congress will make its decision by September, 1980, which will be in time for this committee to make its recommendation to the 1981 General Assembly.

Restoring State Funding for Law Enforcement Officers' Benefit and Retirement Fund

Our next recommendation may not fall precisely within the purview of your study, but we must call this item relating to revenue sharing to your attention.

The 1979 General Assembly failed to fund the basic retirement benefits of the Law Enforcement Officers' Benefit and Retirement Fund and approved shifting this cost, previously borne by the state, to municipalities and counties. This mandate requires local governments to appropriate $2,918,822.00 in fiscal year 1979-80 to fund these benefits. This shift in funding was not requested by local governments and it was mandated without prior notice.

We respectfully request that you support our efforts to restore this $3 million state funding in the 1980 short session and if this is not forthcoming, that you recommend restoring these funds in your report to the 1981 General Assembly.

CONCLUSION

The recommendations outlined above are submitted as possible alternatives for continuing state revenue sharing for municipalities in the immediate future. These recommendations, if any increased funding is approved, would enhance the capacity of municipal governments to provide needed services and facilities that will directly contribute to the sound growth and development of the entire state.

If you have interest in or need additional information regarding any one or more of these alternative suggestions, please call upon us.

Thank you for your kind attention.

S. Leigh Wilson
Executive Director
N.C. League of Municipalities

12/13/79

APPENDIX I

(1) Role of Ad Valorem Tax Division

(A) What do you perceive to be the role of your division in the Revenue Department?

The Ad Valorem Tax Division is essentially a service agency for the counties — and to a lesser degree, the cities and towns — in their administration of the property tax. It is also the state agency through which the public can obtain information and advice about property taxes as well as address their greivances.

(B) Could you provide us with some examples of your duties that illustrate this role?

The Ad Valorem Tax Division has three basic duties in the property tax system:

1. It exercises general and specific supervision over the administration of the tax by the local units of government.

   In the supervisory area, we assist local taxing officials in interpreting the Machinery Act and other laws and court decisions having any relationship to the property tax. We assist them in improving their listing and assessment processes through schools, meetings and personal visits to the individual offices. We regularly conduct schools for appraisal personnel in every aspect of the property tax. We serve as troubleshooters for the counties when they are faced with difficult individual or group complaints about their assessment practices. We make appraisals for the counties which do not have qualified appraisal personnel. We also assist them in the assessment of business personal property by furnishing information from income tax returns and guiding them in using the information.

2. It centrally appraises the property of all public service companies in the state and allocates the value to the local taxing units.

3. It serves as the staff of the Property Tax Commission, the state agency which hears appeals from property tax decisions of local taxing officials.

   In its capacity as staff to the Property Tax Commission, the division investigates all appeals to the Commission. We meet with the appealing taxpayers, listen to their complaints and inspect the property under appeal if that is appropriate. We also review the matter with the county officials. These contacts result in the settlement of about 90% of all appeals. In cases that are not settled, we advise the parties of the Commission's rules and procedures and schedule the appeals for hearing. We attend the hearings held by the Commission and write the Orders carrying out its decisions.

(C) Does the state revenue department in other states have such a role?

Basically yes. In most states, the State has a stronger role in the tax. In practically all states, the Revenue Department or some State agency conducts annual sales/assessment ratio studies. These studies are often used in the distribution of school funds and other moneys to local units of government. The degree of involvement by the state in the administration of the property

(1) (C) Continued

tax varies across the country. In Kentucky, local assessors are state employees. In South Carolina, all commercial and industrial property is appraised by the state.

(D) Isn't your division totally funded from the intangibles tax?

Yes.

(E) Why do you feel your division is funded from the intangibles tax?

Probably because the General Assembly felt that since the State received no revenues from the property tax, it should not expend any state funds in its administration.

(F) For the 1978-79 fiscal year how much of the intangibles tax revenue was allocated to your division?

$254,374.31

(G) How much revenue went to the cities and counties?

$37,769,750.92

(2) Taxpayer Complaints

(A) How would you describe the current mood of taxpayers in North Carolina?

Very negative about taxes generally and property taxes in particular. They are especially negative about any increase in their property tax bills.

(B) Do you think that taxpayers today are more critical of the property tax than they have been in the past, and if so, what are the major causes?

Yes. Although taxpayers are generally more knowledgeable about the property tax than they once were, they still do not fully understand how the system works and are frustrated in their efforts to deal with it. The principal cause of the criticism is the dramatic increases in real property values caused by the eight-year reappraisal cycle. That is especially so during periods of high inflation such as we now have. Some of the appraisal work being done is also very poor.

(C) Do you feel that taxpayers are more concerned with the level of their property tax burden or the fairness of the tax system in its treatment of different taxpayers?

Taxpayers are not as concerned about the level of their property tax burden as they are with any increase in it. Evidence of this is the fact that almost all of the upheaval we have had in 1979 has occurred in counties having reappraisals.

Taxpayers are interested in the fairness of a tax system only in a very abstract way. The principal exception is when they believe that their property is appraised at a higher level than someone else's. Homeowners and rural land owners are often upset by the fact that the percentage increase for industrial property in a reappraisal is not as great as it is for other types of property. It is immaterial to them that the appraisal level for industrial property may still be higher than for other types of property.

(3) Improvements in Administration of Tax

(A) In your view are there areas of property tax administration (listing, appraisal, collection) that could stand substantial improvements?

Yes, but some of them would require additional funding and some relatively minor changes in the law.

There is a need for additional staffing in many tax offices.

There is a need to substantially increase the educational and training opportunities available to tax office personnel and to require successful completion of a wide range of courses.

There is a need to modernize the listing and assessing processes. Accurate maps need to be provided. Records need to be verified for accuracy, then computerized to facilitate their use.

The reappraisal program could be carried out with county personnel on a more frequent basis and at a lower cost if the tax offices were provided with the necessary funding for (1) accurate maps and other land records, (2) computeri- of the records and procedures involved in appraisal work, and (3) an adequate staff of trained personnel.

Tax collectors also need to have greater opportunities for improving their skills such as schools, workshops and seminars. Many counties could improve their collections if they used the measures available to them. Many tax collectors have never taken any steps to collect taxes other than accept voluntary payments.

Many small cities and towns could also realize much better collections if they would contract with the counties to collect their taxes. This could reduce costs for the cities and inconvenience for the taxpayers.

(B) Would improvements in these areas have an effect on enabling counties and cities to raise additional tax revenue without tax increases?

It is possible that some increases in revenue would occur but that would not be the primary thrust of these changes. The purpose of the changes would be to improve the quality and efficiency of the administration of the tax. One exception to this is in the area of business personal property. In a good number of the counties, there is no audit program to see that all business property is properly listed. For this reason, a substantial amount of business property is either underassessed or escaping taxation altogether. Improvement in this area would therefore produce additional revenues.

(C) Would these improvements have any effect on relieving taxpayer complaints and making the system fairer?

Yes. Especially in the revaluation program. More frequent reappraisals would reduce the amount of the increases in value at one time. This is the most serious deficiency in the property tax system. Taxpayers have much greater respect for the property tax in counties in which they deal with trained professionals who have accurate records and use up to date procedures.

(4) Revaluation Cycle

(A) What is your understanding of the purpose for the staggering of counties in the eight-year revaluation system? What would be the effects of having each county revalue the same year?

The primary reason for the staggered reappraisal cycle was to insure that an adequate number of appraisers would be available to do the work. In 1959, when the system was initiated, the counties were even less capable of doing their own reappraisals than they are today. Although the number of mass appraisal firms appears to have increased in recent years, the fact is that most of them do not have a sufficient number of qualified personnel to carry out high-quality reappraisals. This is an increasingly serious problem for the counties when the relatively few large appraisal firms with experience in North Carolina already have three or four projects underway.

There is no possible way that all of the counties could reappraise in the same year so long as we retain the eight-year system. Not only would there be a shortage of appraisers, our ability to deal with the appeals, under the present system, would be even worse.

(B) Do you feel that the present revaluation cycle of eight years is too long? If so, fully describe your ideas of how a system could be established to allow more frequent revaluations?

Yes. Since each county is at a different stage in the upgrading of its administrative system, it is difficult to generalize in this area.

A possible first step would be to mandate that the fourth-year adjustments already required be carried out. This would reduce the problem in half. It would also require that funds be set aside each year to carry it out. The mechanics of the system are not very complicated but in most counties, the project would take about a year. Market data would need to be maintained on a current basis and analyzed carefully to insure reliability and accuracy. Counties now using computers to process their valuations could produce new valuations without much difficulty. The system would have to be fully explained to the public and provision would have to be made for responding to questions, arguments and appeals by property owners.

Ultimately the system should provide for adjusting real estate values on an annual basis. This would, of course, require that each county have accurate records of all properties, computer capability to update the values each year and an adequate staff of trained appraisal personnel to do the field work and respond to property owners' complaints. Over the long term, this approach would be less costly than the present system and the quality of the work would be infinitely greater.

Until we develop the capability to reappraise real property on an annual basis, we might consider factoring personal property and utility property appraisals downward each year to bring them into line with real property assessments. This would prevent the ongoing shift in the tax burden addressed in (D) below.

(4) Continued

(C) In the absence of a state requirement of more frequent revaluations and state assistance, will it be possible for many counties to revalue on a more frequent basis in the future?

Yes, but only if provision is made at the county level for the updating and computerization of records and the additional trained staff.

(D) Does the lack of annual adjustment of real property values cause a shift in the tax burden between different classes of property in a county from year-to-year?

Yes. In a typical county, the mix of the tax base is about 60% real property; 30% personal property; and 10% utility property. Assuming a reasonably good reappraisal, these figures should be in fairly good balance in the year of the reappraisal. After that, however, there will be an increasingly larger portion of the tax burden shifted from real property to personal and utility property. Personal property and utility property are reappraised annually and are, therefore, theoretically always at market value. Since increases in real property values are not recognized for eight years, however, real property taxpayers are paying substantially less than their proportionate share of the tax at the end of a reappraisal period and personal and utility property taxpayers are paying substantially more than theirs.

The effect of the reappraisal is to equalize and redistribute the tax burden. Any reduction in the tax rate resulting from the increase in the tax base will, therefore, accrue to the benefit of the owners of personal property and utility property. If the shift were to be corrected more frequently, it would not be so great at one time.

(F) Should a "truth-in-taxation" provision accompany a more frequent revaluation system? If so, how would such a proposal work?

Yes. Although given the present mood of the taxpaying public, the voters would more than likely insist on a limitation in spending.

Truth in taxation simply means that the governing officials will inform the public of the tax rate needed to generate the same amount of revenue raised the previous year. Any increase in that rate would have to be fully explained at one or more public hearings.

(5) Public Utilities

What is the current status of complaints by public utility companies? Could the property tax system withstand a legal challenge by the utilities? How likely is such a challenge?

We received eight utility appeals in 1978:

Duke Power Company appealed in Catawba, Gaston, Lincoln, Rockingham and Stokes Counties.

Vepco appealed in Halifax and Northampton Counties.

Southern Railway appealed in Buncombe County.

The Lincoln, Rockingham and Stokes County appeals have been settled. Duke has since filed a 1979 appeal in Rockingham County since that County had its reappraisal in 1979. We believe this appeal can be resolved.

We have attempted to schedule the Gaston and Catawba County appeals for hearing but have not been able to do so because the counties state that they are not prepared to present their cases.

Both Vepco appeals have been settled.

We believe the Buncombe County case will be settled.

We believe our property tax system could withstand a challenge by the utilities or any other group. It is possible, however, that if a suit were to be brought on constitutional grounds, the court might require us to bring utility property valuations in line with real estate values.

The railroads are in a different situation than the utilities. Under the Railroad Revitalization Act, they can bypass the Property Tax Commission and bring a discrimination suit in the federal court. If they can show that their property is assessed at more than 5% above other commercial and industrial property, they are entitled to relief. The railroads have been successful in most of their suits in other states, so it is conceivable that North Carolina could have one. The railroads are interested in the sales ratio study being undertaken by the Local Government Commission, and if that program is not fully implemented, they will probably conduct their own.

Except for the railroads, we do not anticipate any statewide action by the utilities.

(6) Business Inventories

Are there ways the State can assist counties in appraising business inventories and if so, could you describe how such a system would work?

Yes. Inventory figures could be picked up from income tax returns as they are processed. The figures could be compiled on a county by county basis and a printout sent to each county toward the end of each year. Multi-county taxpayers would be required to file a county by county breakdown of their investment in the state.

This work could be done by the Revenue Department at a relatively low cost. With a very few additional employees, we could have an ongoing audit program for the counties and cover machinery and equipment as well as inventory. The effort could be a waste, however, unless something is done to insure that the property gets assessed. In many cases, we have furnished information to the tax supervisor and the commissioners will not allow him to assess the property. There are still cases, also, where boards of commissioners have agreed to not assess an industry or to assess it at a token figure to entice the industry to locate in the county.

(7) Household Personal Property

(A) Statewide, what is the percentage of the property tax base comprised of household personal property?

2.7%

(B) What is your opinion as to the percentage of a tax office's time and expense involved with this property?

9.55%

(C) What would be the effects of a full repeal of this tax?

Repeal of the tax on household personal property would cause a minor shift in the tax burden from homeowners to business taxpayers and landholders. Most of the tax lost by the repeal, however, would be made up by homeowners because the tax rate would likely be increased to offset the reduction in the tax base. If the repeal were to be phased in at the time of each county's reappraisal, it would hardly be noticed.

North Carolina is one of only four or five states which still tax household property and personal effects. Its repeal would be popular because it would provide homeowners a small amount of tax relief. It would also simplify the listing process for taxpayers and the tax office.

(D) Would it be feasible to use a uniform statewide percentage of residence value (or percentage of annual rent) method for this property?

Yes. The percentage should be developed, however, on the basis of a study of the relationship between the value of residential property and household goods.

Loss of Revenue Analysis & Tax Rate Adjustment

HOUSE BILL 1395

Assuming 3% of Total Tax Levy

Tax Levy 1972-1973					Tax Loss
County	308,100,000	X	3%	=	$ 9,243,000
Municipal	162,700,000	X	3%	=	4,881,000
Special Districts	32,700,000	X	3%	=	981,000
	503,500,000	X	3%	=	$15,105,000

Tax Rate Adjustment Percentage

$ 503,500,000
− 15,105,000
488,395,000 / 15,105,000 = .0309278

Actual Rate X 1.0309278 = Adjusted Rate to Produce Same Tax

Example of Impact

Residential Home Owner

	1974	1975
House & Lot	25,000	25,000
Household (10%)	2,500	-0-
Vehicles	4,000	4,000
Total Value	31,500	29,000
Less Exemption	300	-0-
Total Tax. Val.	31,200	29,000
Tax Rate	1.00	1.0309278
Tax	312.00	298.97
		(4.8% reduction)

Business Owner

	1974	1975
Real	25,000	25,000
Personal	4,000	4,000
	29,000	29,000
Tax Rate	1.00	1.0309278
	290.00	298.97
		(3% increa

Assuming 2% of Total Tax Levy

Tax Levy 1972-1973					Tax Loss
County	308,100,000	X	2%	=	$ 6,162,000
Municipal	162,700,000	X	2%	=	3,254,000
Special Districts	32,700,000	X	2%	=	654,000
	503,500,000	X	2%	=	$10,070,000

Tax Rate Adjustment Percentage

$ 503,500,000
- 10,070,000
493,430,000 / 10,070,000 = .0204081

Actual Rate X 1.0204081 = Adjusted Rate to produce same tax

EXAMPLE OF IMPACT

Residential Home Owner

	1974	1975
House & Lot	25,000	25,000
Household (10%)	2,500	-0-
Vehicles	4,000	4,000
Total Value	31,500	29,000
Less Exemption	300	-0-
Taxable Value	31,200	29,000
Rate	1.00	1.0204081
Tax	312.00	295.92
		(5.15% reduction)

Business Owner

	1974	1975
Real	25,000	25,000
Personal	4,000	4,000
	29,000	29,000
Rate	1.00	1.0204081
	290.00	295.94
		(2% increase

Wake County Tax Supervisor

ROOM 803 COURTHOUSE

RALEIGH, NORTH CAROLINA — 27601

December 8, 1976

MEMO TO: Wake County Board of Commissioners

FROM: Lonnie W. Bost, Wake County Tax Supervisor *Lwb*

SUBJECT: 1976 Valuation of Household Personal Property Located In Wake County

You are no doubt aware the 1975 session of the General Assembly established a Property Tax Study Commission. The Property Tax Study Commission will make recommendations to the 1977 session of the General Assembly. One of the issues being discussed is legislation which would classify and exclude from the tax base "household personal property".

The following is being supplied for your information and will show the effects of such legislation:

1. The valuation of household personal property located in Wake County as of January 1, 1976, was $117,560,719 which represented 2.8% of our total tax base.

2. Applying the present $ .78 tax rate to this valuation of $117,560,719; we calculate it would cost the county $916,973.61 in county tax.

3. In order to make up this loss, it would be necessary to increase the present tax rate of 78 cents by 3.05%, to a tax rate of 80.38 cents which would be an increase fo 2.38 cents.

This report is supplied purely for informational purpose and is not intended to reflect my opinion of such legislation. Should you desire additional information please let me know.

LWB:jc
CC: Mr. Garland H. Jones, Wake County Manager

B. HUNT, JR.
GOVERNOR

STATE OF NORTH CAROLINA
DEPARTMENT OF REVENUE
P. O. BOX 25000
RALEIGH, N. C. 27640

G. LYNCH
SECRETARY

JAMES P. SENTER
DEPUTY SECRETARY

February 22, 1977

MEMORANDUM

TO: Rep. Robert L. Farmer, Chairman
House Finance Committee

Sen. Marshall A. Rauch, Chairman
Senate Finance Committee

FROM: Mark G. Lynch
Secretary of Revenue

SUBJECT: House Bill 142 - Property Excluded from Property Tax

The purpose of this Bill is to exclude from property tax all individually-owned non-business personal property except motor vehicles, mobile homes, airplanes and boats. Since this Bill is identical to Bills introduced in 1973 and 1975, I am enclosing a copy of the comments we made in 1975. I am also enclosing a copy of a study conducted by the International Association of Assessing Officers on the question involved in this Bill.

A full discussion of the philosphy of this Bill is contained in the recently published report of the Property Tax Study Committee.

cc: D. R. Holbrook, Director
Ad Valorem Tax Division

STATE OF NORTH CAROLINA
DEPARTMENT OF REVENUE
P. O. BOX 25000
RALEIGH, N. C. 27640

J. HOWARD COBLE
SECRETARY

JAMES P. SENT
JOHN E. LANSC
DEPUTY SECRETAR

March 11, 1975

MEMORANDUM

TO: Sen J. Russell Kirby, Chairman
Senate Finance Committee

Rep. Liston B. Ramsey, Chairman
House Finance Committee

FROM: J. Howard Coble, Secretary
Department of Revenue

SUBJECT: House Bill 255 - Rep. Long, Revelle, Jones, Mathis, Brown
Rhodes and Miller
Prop. Tax - Personal Property

This is one of a series of Bills recommended by a property tax study commission on which Rep. Long served as Chairman.

Its purpose is to classify and exclude from the tax base all individually-owned non-business personal property except motor vehicles, mobile homes, boats and airplanes. It also repeals the present $300 exemption for such property. This Bill is identical tc House Bill 1395 introduced in the 1974 session of the 1973 General Assembly.

Based on a survey conducted in 1974, the tax loss from this Bill would be about $15,000,000. The tax on the property covered by this exclusion constitutes from 1% to 3% of the tax base of the counties and cities. The elimination of the tax would require only a small rate adjustment in most counties and, generally speaking, homeowners would receive a reduction even with the rate increase.

Passage of this Bill would constitute a major improvement of the property tax. The property in question can not be administered effectively and fairly and it is a source of irritation for property owners. Most of the counties are now using the percentage method to value household personal property because they could not possibly value it on an individual appraisal basis. In fact, there is considerable difficulty in dealing with the relatively few who do not accept the percentage method. The percentage method is also essential to the mail listing system, without which the larger counties could no longer operate.

While the percentage method appears to be a fair and convenient approach to valuing household personal property, it contains a number of inequities. It is especially harsh on renters in most counties because the valuation is computed as a multiple of the monthly rental payments. Since rental charges are usually at current market figures, renters pay on a higher level than home owners because of the eight-year revaluation cycle.

This Bill is almost universally supported by the tax supervisors.

This Bill is identical to Senate Bill 190.

RESEARCH AND INFORMATION SERIES

Research and Technical Services Department
International Association of Assessing Officers
1313 East 60th Street, Chicago, Illinois 60637

Exemptions of Household Furnishings from the Prope
Tax in the United States

February, 1974

I. States where Household Furnishings are:

A. Fully Exempt: (31 states plus the District of Columbia)

California	Iowa	New Jersey
Colorado	Kansas	New York
Connecticut	Kentucky	North Dakota
Delaware	Louisiana	Ohio
District of Columbia	Maine	Oregon
Florida	Massachusetts	Pennsylvania
Georgia	Michigan	South Carolina
Hawaii	Mississippi	Utah
Idaho	Nebraska	Vermont
Illinois[1]	New Hampshire	Washington
Indiana		Wisconsin

B. Fully Taxable (5 states):

Arizona	Montana[2]
Arkansas	Nevada
Missouri	

C. Partially Exempt (14 states):

Alabama[3]	(500)	New Mexico	(200)	Tennessee	(7500)
Alaska[4]	(500)	North Carolina	(300)	Texas	(250)
Maryland[4]	(100)	Oklahoma	(100)	Virginia[4]	
Minnesota[4]		Rhode Island	(300)	West Virginia	(200)
		South Dakota	(200)	Wyoming	(100)

II. Selected References

Committee on the Assessing of Household Furnishings. Report of the Committee on the Assessing of Household Furnishings. Chicago: International Association of Assessing Officers, 1949.

International Association of Assessing Officers. "Current Events in Assessment Administration." Assessors Newsletter (December, 1966), p. 196.

__________. "Exemption of Household Furnishings." Assessors Newsletter (May, 1962), p. 55.

__________. "Exemption of Household Furnishings." Assessors Newsletter (May, 1958), p. 57.

Prentice-Hall. State and Local Taxes.

U.S. Bureau of the Census. Census of Governments, 1967, Vol. 2. Taxable Property Values.

[1]Includes one household automobile, additional automobiles are taxed.

[2]Assessed as Class 2 property at 20 percent.

[3]At local option, may be exempted. Taxable Property Values reports that the option is widely exercised in all states except Virginia. The number in parentheses is the dollar amount of the partial exemption.

[4]At local option, household furnishings may be exempted. Taxable Property Values reports that the option is widely exercised in all states except Virginia.

(8) Motor Vehicles

Will the implementation by the Motor Vehicles Division of a staggered registration system have any effect on the counties' ability to discover unlisted motor vehicles? If so, do you know of any way around this problem? In your opinion what is the annual revenue loss statewide from unlisted vehicles and what percentage of all vehicles are unlisted?

The discussions we have had with the Motor Vehicles Division indicate to us that the staggered registration system will cause the motor vehicles list to be less reliable than it presently is. We can not predict how serious the problem will be until the new system is operational. We understand that there will be no significant change in the lists until 1982.

It is clear that the staggered registration system will make an already difficult problem worse. We know of no practical way to get around the problem without a fundamental change in the way we collect taxes on motor vehicles.

Estimated annual revenue loss - Approximately $5,000,000

Percentage of unlisted vehicles - Between 15% and 20%.

ANALYSIS OF CITY & COUNTY TAX LOSS AND ADMINISTRATIVE COST
IN THE LISTING, ASSESSING, AND COLLECTION
OF AD VALOREM TAXES ON MOTOR VEHICLES

30 County Survey *

Estimated Tax Loss	$ 1,503,343
Estimated Administrative Cost	704,259
Total Estimated Tax Loss and Administrative Cost for 30 counties	$ 2,207,602

Relationship of Tax Loss & Adm. Cost to Tax Levy

Total Tax Levy	$ 214,175,000
Ratio of Tax Loss to Tax Levy ($1,503,343 ÷ $214,175,000)	.0070
Ratio of Adm. Cost to Tax Levy ($704,259 ÷ $214,175,000)	.0033
Ratio of Est. Tax Loss and Adm. Cost to Tax Levy for 30 counties =	.0103 or 1.03%

Estimated Tax Loss and Administrative Cost for All Counties

Total Tax Levy for All Counties	$ 473,000,000
Estimated Tax Loss: ($473,000,000 X .0070)	3,311,000
Estimated Administrative Cost ($473,000,000 X .0033)	1,560,900
Total Estimated Tax Loss & Adm. Cost for All Counties ($473,000,000 X .0103)	$ 4,871,900

Estimated Tax Loss & Adm. Cost for Cities and Towns

Est. Tax Loss: (½ of Loss for Counties) ($3,311,000 X 50%)	$ 1,655,500
Est. Adm. Cost: (20% of Cost for Counties) ($1,560,900 X 20%)	312,000
Total Est. Tax Loss & Adm. Cost for Cities and Towns	$ 1,967,500

SUMMARY

	Counties	Cities	Total
Total Estimated Tax Loss	$3,311,000	$1,655,500	$4,966,500
Total Estimated Administrative Cost	1,560,900	312,000	1,872,900
Total Est. Tax Loss & Adm. Cost	$4,871,900	$1,967,500	$6,839,400

* Survey conducted by the Ad Valorem Tax Division, N.C. Department of Revenue, in 1978. Of the 100 counties, only 30 were able to furnish reliable information. The information furnished by the 30 counties was used to estimate the figures for the 100 counties, using the tax levy as the basis. No information was furnished by cities and towns. The estimates for cities and towns will therefore not be as reliable as those for the counties.

The estimate of tax loss for cities and towns is based on the fact that the total tax levy for cities and towns is approximately 50% of that for the counties. ($530,912,619 to $267,935,790)

The estimate of administrative cost for cities and towns is based on the fact that cities and towns are not generally involved in the listing and assessment of property. In many large-city counties, also, the county tax collector collects the cities' taxes. In counties where this is not done, the cities and towns bill and collect their own taxes.

s B. Hunt, Jr.
Governor

G. Lynch
Secretary

STATE OF NORTH CAROLINA
DEPARTMENT OF REVENUE
P. O. BOX 25000
RALEIGH, N. C. 27640

James P. Sawyer
Deputy Secretary

January 26, 1979

MEMORANDUM

TO: The Honorable Richard Wright, Chairman
Highway Safety Committee

FROM: Mark G. Lynch
Secretary of Revenue

SUBJECT: House Bill 123 - Motor Vehicle Property Tax Sticker

The purpose of this Bill is to improve the collection of property taxes on motor vehicles. According to a survey of the counties by the Revenue Department, between 15% and 20% of the more than 5,000,000 motor vehicles in the State are not listed for property taxes. The majority of the unlisted vehicles are ultimately listed and assessed by the tax supervisor through the use of a list acquired from the Division of Motor Vehicles. The tax office compares the motor vehicles list with his listings and the owners of any that are not listed are notified of the failure to list. Any vehicles that are determined to be tax exempt or that have been listed in another name or in another county are eliminated. All others that have not been listed, whether the taxpayer responded to the county's notice or not, are assessed by the county. For obvious reasons, the percentage of taxes collected on the vehicles listed by the tax supervisor is much lower than it is for those listed voluntarily.

House Bill 123 does not change the basic structure for listing and paying property taxes on motor vehicles. Under that structure, each vehicle owner is required to list his vehicles every January, along with any real or other personal property he may own. The vehicles are then valued by the tax office from a pricing guide such as the "Red Book" or "NADA" Book. The figure most commonly used is "average retail." Taxes due on vehicles are included in each taxpayer's regular tax bill, which is usually mailed in late summer. Taxes are due and payable on September 1 but may be paid at par through January 3.

Under House Bill 123, vehicle owners would be required to obtain a property tax sticker from the tax collector of the county in which the vehicle is taxable and display it on the vehicle beginning February 15 of each year. The sticker will be evidence that the vehicle owner does not owe any property taxes on a motor vehicle in that county because the tax collector can not issue the sticker until that has been determined. Exempt organizations and owners of vehicles which are not taxable for a given year, such as those purchased after January 1, would be issued the stickers on request. Other owners would be issued a sticker for each vehicle they listed for that year upon payment of their taxes. If payment was made by mail, the stickers would be mailed. If a taxpayer needed additional stickers because of purchasing one or more additional vehicles after January 1, he would contact the tax collector for them. The reasons for selecting the February 15 date for displaying the sticker were that (1) new state licenses or stickers must be displayed on that date, and (2) practically all taxes which will be paid voluntarily have been paid by that date. This will minimize the inconvenience for taxpayers and administrative cost for the tax collector.

The Bill provides a $500 penalty for failure to display the sticker. It would be enforced by State and local law enforcement officers who deal with traffic and vehicle violations. The $500 penalty is the same as the penalty for failure to list property. Motor vehicle dealers and persons purchasing new vehicles or bringing them into the state are given a 20 days grace period to obtain the sticker. Stickers are not required for vehicles owned by agencies of the Federal, State or local governments. Neither are they required for the long haul trucks of motor freight carriers or bus companies appraised by the Department of Revenue.

The Bill does not provide for withholding a sticker for non-payment of municipal taxes except for those cities and towns whose taxes are billed and collected by the county tax collector. In those cases, the tax collector must determine that no county or municipal taxes are owed before issuing the sticker. Under the discovery statute, however, if the county tax supervisor discovers unlisted vehicles, he is required to furnish a copy of the discoveries to the municipal officials so they too can make the discoveries.

The Bill requires the Revenue Department to acquire the stickers and furnish them to the counties at cost. The Commissioner of the Department of Motor Vehicles is to determine where on the vehicles the stickers will be displayed but it is generally believed that, for passenger vehicles, they will be displayed in the lower right corner of the windshield.

Attached to this memo is a statement concerning unlisted vehicles by the Wake County tax supervisor. In Rowan County for 1978, eight thousand of the 69,000 vehicles registered in the county were not listed. Four thousand of them were assessed by the tax office. Of the approximately $20,000 billed on these vehicles, only about $10,000 was collected. The figures for the city of Salisbury were approximately the same.

Wake County Tax Supervisor

ROOM 803 COURTHOUSE

RALEIGH, NORTH CAROLINA – 27601

December 5, 1978

MEMO TO: Wake County Board Of Commissioners And Raleigh City Council

FROM: Lonnie W. Bost, Wake County Tax Supervisor LWB

SUBJECT: Report On Unlisted Vehicles For The Year 1978 Located Within Wake County And The City Of Raleigh

The total number of vehicles registered in Wake County for 1978 was 196,662. This represents an increase of 5,835 vehicles over the 190,827 registered in 1977. This is an increase of 3.06 percent in the number of vehicles registered in Wake in 1978 as compared to 1977.

As you know, this is the fifth year we have completed the check of vehicles in Wake County. The percentage of unlisted vehicles in the county for 1978 is 16.17 percent compared to 18.67 percent in 1977. It appears our efforts have been somewhat productive inasmuch as the percentage of unlisted vehicles for 1978 is less than the percentage in 1977.

This year, for the first time, we have figures available on unlisted vehicles located within the City of Raleigh as well as Wake County.

Our efforts to discover unlisted vehicles have resulted in the following to be listed and billed:

WAKE COUNTY

Number of Unlisted Vehicles	31,810
Valuation of Unlisted Vehicles	$ 54,637,466
Tax	$ 453,496.47
Late List Penalty Applied	45,510.42
Total Amount of Tax and Late List Penalty	$ 499,006.89

CITY OF RALEIGH

Number of Unlisted Vehicles	17,200
Valuation of Unlisted Vehicles	$ 29,202,458
Tax	$ 251,149.77
Late List Penalty Applied	25,128.99
Total Amount of Tax and Late List Penalty	$ 276,278.76

The preceding indicates that of the 31,810 unlisted vehicles discovered in Wake County; 17,200 of these were located within the City of Raleigh. The total amount of tax and late list penalty billed for Wake County and the City of Raleigh on unlisted vehicles for 1978 was $775,285.65. Unfortunately, figures are not available for the other eleven municipalities within the county which would indicate the tax they will derive from this project.

LWB:jc

Assessment-Ratio Studies

Do you favor the use of periodic assessment-ratio studies to evaluate a county's administration of the property tax? If so, how would such a system be set up and which state agency should administer the studies?

Yes. Since the property tax is not a self-assessment system — especially as to real estate -- sales ratio studies are about the only way property owners can be assured of uniformity in assessment practices. The studies should be limited to real estate, however, because there is no practical way to determine the level of assessment for personal property.

An example of a simple and relatively inexpensive sales ratio program is the one in South Carolina. In that state the party recording a deed furnishes information regarding the transfer to the register of deeds who enters it on a form. The form is then sent to the tax office which enters the information about the assessment of the property. The form is then forwarded to the Tax Commission (Revenue Department) for processing and publication.

The system in Virginia is about the same as that for South Carolina except that the sales and assessment information is collected by Revenue Department field auditors and forwarded to the Department for processing.

North Carolina could adopt such a program but in order for it to be cost-effective and reliable, we would need to enact a full disclosure statute requiring parties to real estate transfers to disclose the full consideration paid for the property.

In most states, the studies are conducted by the Department of Revenue. We have no strong feelings about which state agency should do them in North Carolina.

Since North Carolina has not been involved in sales ratio studies in the past, their introduction in the state may have some political implications for local and state officials — both elected and appointed. In the long term, however, they may provide the openness that the property tax needs to restore its acceptance by the public.

(10) Homestead Exemption

What is the current statewide revenue loss from the homestead exemption, both in absolute dollars and a percentage of total tax collections? Is the burden evenly distributed among all counties or are some counties disproportionately hard?

$22,200,000 (Counties only)

No. Many rural and retirement counties have much higher percentage losses than other counties. In 1976 when the exemption was expanded, a number of counties had a net reduction in their tax bases. New construction was not sufficient in that year to offset the increase in the loss from the senior citizens exemptions.

) Tax Personnel

Is there a serious turnover problem with tax office personnel, particularly at the management level? If so, what are the causes and what are your proposed remedies?

Yes. A large part of the turnover is attributable to changes in the political makeup of the boards of commissioners. More serious than the turnover itself, however, is the fact that we do not seem to be developing a body of trained assessment personnel from which the boards can choose a professional administrator. The result is that each new tax supervisor has to learn the operations of the tax office from the ground up. He or she may be in office for up to a year without having the basic instruction in the property tax law and appraisal procedures necessary to carry out the job. This lack of continuity is one of the factors in the low regard the public has of the property tax. The underlying cause of this problem is that salary levels of tax office personnel in most counties are not high enough to attract and retain the types of people needed to improve the quality of the work.

What are the current education and training requirement of tax office personnel?

Except for the tax supervisors, there are no educational or training requirements for tax office personnel. Tax supervisors must be certified by the Revenue Department under G.S. 105-289(d). The requirements for that are satisfactory completion of a basic real eastate appraisal course and a course in property tax listing and assessing conducted annually by the Institute of Government.

Do you feel that these requirements are sufficient?

No.

Are new requirements and certifications systems needed?

Yes. We are now considering the addition of a business personal property course and a comprehensive examination for persons to be certified in the future. The North Carolina Association of Assessing Officers is also studying the development of a program under which tax office personnel could obtain a designation by successful completion of a prescribed set of courses and examinations. In some states, assessors who achieve such designations receive an annual payment out of funds appropriated by the General Assembly.

(12) Priorities on Improvements

If you had to set priorities on your suggested improvements to the current property tax administration system in North Carolina, what would the priority schedule look like?

1. Reduce the period between reappraisals of real estate, ultimately to some type of annual adjustment.

2. Improve the overall quality of real property assessments through the use of an adequate and well-trained in-house staff, accurate maps and other land records, and automation of the records and procedures.

3. Achieve greater consistency among the counties in the levels of assessment of real and personal property and in appraisal practices through the use of statewide appraisal manuals.

4. An alternative method of collecting taxes on motor vehicles.

5. Elimination of the tax on household personal property.

6. Development of a stronger education and training program for assessment personnel and the requirement of satisfactory completion to hold the positions.

7. Consolidation of county and city tax collection programs.

12/31

APPENDIX J

TABLE OF CONTENTS

FORMULAS FOR COUNTY/STATE FUNDING OF MEDICAL VENDOR PAYMENTS

(FOR TITLE XIX - MEDICAID)

California

- Local government funding is derived from the property tax. Rates are set by the comptroller each year, with affluent counties being assessed more than poorer ones. County shares range from \$.05 to \$.60 per \$100.00 valuation.

Florida

Counties contribute funding in two areas:

(1) When inpatient hospital care days exceed 12 per admission, counties pay 35 percent of non-Federal share for cost of care beyond 12 days.

(2) When nursing home vendor payments exceed \$170 per month, counties pay 35 percent of the non-Federal share of that amount above \$170, but not more than \$55 per patient per month.

Maryland

The county of residence of the recipient pays 10 percent of the non-Federal share for inpatient hospital care.

Minnesota

As of January, 1976, all non-Federal share split 90% State, 10% local, excluding costs for State facilities for the mentally retarded. Counties pay 4.32 percent of total Medicaid costs.

Nebraska

Counties pay 20 percent of total Medicaid costs.

Nevada

Local funding is derived from the property tax. According to State law, \$.11 per \$100.00 valuation goes into the Medicaid fund.

New Hampshire

There is local funding for servi~es for the aged and disabled:

(1) For nursing home costs for the aged and disabled, legally liable units (i.e., cities, towns, or counties) pay 50 percent of the non-Federal share.

(2) For all other services for the aged and disabled, legally liable units pay $6 per month per old age recipient and $23 per month per APTD recipient.

New Jersey

Counties pay 25 percent of total cost for EPSDT outreach programs and 10 percent of total cost for family planning. For these services, local funds constitute all non-Federal funds.

New York

Counties pay 50 percent of non-Federal share.

North Carolina

Counties pay 15 percent of non-Federal share for all services except mental health centers, which have no county participation, and general non-state owned ICF - SNF, for which the county share is 35 percent of the non-Federal share.

North Dakota

Counties pay 15 percent of State share (non-Federal share).

Pennsylvania

Counties paid total non-Federal share for Title XIX recipients in county nursing homes through FY 1976. The State is planning to take over these costs gradually, and will pay 90 percent of the non-Federal share in FY 1980.

South Dakota

State law requires counties to pay $60.00 per month per public assistance and Medicaid recipient who has been admitted to State mental hospitals. Reimbursement for such hospital claims is reduced by $60.00 to reflect the State agency's share of the claims.

1979 COUNTY COSTS

County	Certified Budget	Actual Expenditures	Differences	% Over Budget
Alamance	$191,588	$327,552	$(135,964)	71.0
Alexander	65,734	82,820	(17,086)	26.0
Alleghany	22,862	24,108	(1,246)	5.4
Anson	97,158	164,387	(67,229)	69.0
Ashe	60,651	68,460	(7,809)	12.9
Avery	58,706	69,815	(11,109)	18.9
Beaufort	138,933	147,592	(8,659)	6.2
Bertie	87,730	119,364	(31,634)	36.0
Bladen	132,958	171,399	(38,441)	28.9
Brunswick	89,002	129,730	(40,728)	46.0
Buncombe	340,004	511,983	(171,979)	51.0
Burke	156,766	249,075	(92,309)	59.0
Cabarrus	210,252	324,928	(114,676)	55.0
Caldwell	118,963	188,569	(69,606)	59.0
Camden	15,423	29,604	(14,181)	92.0
Carteret	84,653	140,967	(56,314)	67.0
Caswell	81,853	83,277	(1,424)	1.7
Catawba	209,752	350,869	(141,117)	67.0

1979 COUNTY COSTS

County	Certified Budget	Actual Expenditures	Differences	% Over Budget
Chatham	$119,748	$126,313	$(6,565)	5.5
Cherokee	59,564	59,817	(253)	0.4
Chowan	43,565	73,122	(29,557)	68.0
Clay	26,113	26,730	(617)	2.4
Cleveland	362,528	392,858	(30,330)	8.4
Columbus	253,027	273,966	(20,939)	8.3
Craven	244,703	264,357	(19,654)	8.0
Cumberland	455,082	589,740	(134,658)	30.0
Currituck	22,503	31,911	(9,408)	42.0
Dare	17,128	29,233	(12,105)	71.0
Davidson	257,342	422,380	(165,038)	64.0
Davie	86,015	103,242	(17,227)	20.0
Duplin	146,084	216,534	(70,450)	48.0
Durham	550,342	776,091	(225,749)	41.0
Edgecombe	222,991	319,700	(96,709)	43.0
Forsyth	774,000	1,095,236	(321,236)	42.0
Franklin	149,505	169,154	(19,649)	13.0
Gaston	422,477	608,748	(186,271)	44.0

1979 COUNTY COSTS

County	Certified Budget	Actual Expenditures	Differences	% Over Budget
Gates	$ 43,042	$ 37,727	$ 5,315	
Graham	18,476	19,960	(1,484)	8.0
Granville	87,517	118,677	(31,160)	36.0
Greene	55,380	80,637	(25,257)	46.0
Guilford	831,499	1,366,403	(534,904)	64.0
Halifax	265,050	344,318	(79,268)	30.0
Harnett	203,887	311,573	(107,686)	53.0
Haywood	167,680	179,284	(11,604)	6.9
Henderson	151,413	179,956	(28,543)	19.0
Hertford	80,135	104,242	(24,107)	30.0
Hoke	67,359	71,704	(4,345)	6.0
Hyde	15,606	26,389	(10,783)	69.0
Iredell	260,351	329,027	(68,676)	26.0
Jackson	56,487	78,343	(21,856)	39.0
Johnston	229,404	366,921	(137,517)	60.0
Jones	48,673	71,326	(22,653)	47.0
Lee	88,085	148,626	(60,541)	69.0
Lenoir	203,744	302,838	(99,094)	49.0

1979 COUNTY COSTS

County	Certified Budget	Actual Expenditures	Differences	% Over Budget
Lincoln	$129,496	$153,850	$(24,354)	19.0
Macon	46,997	52,664	(5,667)	12.0
Madison	76,150	83,616	(7,466)	10.0
Martin	81,671	109,057	(27,386)	34.0
McDowell	78,795	128,601	(49,806)	63.0
Mecklenburg	991,227	1,475,673	(484,446)	49.0
Mitchell	57,234	70,799	(13,565)	24.0
Montgomery	66,707	103,617	(36,910)	55.0
Moore	198,177	198,284	(107)	.05
Nash	275,909	278,572	(2,663)	0.9
New Hanover	270,716	418,458	(147,742)	55.0
Northampton	105,885	134,370	(28,485)	27.0
Onslow	222,177	260,766	(38,589)	17.0
Orange	165,088	152,724	12,364	
Pamlico	32,476	54,681	(22,205)	68.0
Pasquotank	88,983	109,001	(20,018)	23.0
Pender	64,031	92,386	(28,355)	44.0
Perquimans	46,862	40,822	6,040	

1979 COUNTY COSTS

County	Certified Budget	Actual Expenditures	Differences	% Over Budget
Person	$158,523	$151,400	$ 7,123	
Pitt	324,381	363,323	(38,942)	12.0
Polk	36,180	52,502	(16,322)	45.0
Randolph	151,248	289,760	(138,512)	92.0
Richmond	136,200	189,881	(53,681)	39.0
Robeson	365,776	474,071	(108,295)	30.0
Rockingham	326,564	359,718	(33,154)	10.0
Rowan	295,211	370,703	(75,492)	25.6
Rutherford	134,653	194,926	(60,273)	45.0
Sampson	170,526	285,518	(114,992)	67.0
Scotland	161,582	176,611	(15,029)	9.3
Stanly	110,644	228,603	(117,959)	106.0
Stokes	78,568	137,594	(59,026)	75.0
Surry	200,722	226,335	(25,613)	13.0
Swain	40,465	37,947	2,518	
Transylvania	50,202	84,385	(34,183)	68.0
Tyrrell	29,157	33,301	(4,144)	14.0
Union	140,215	230,753	(90,538)	65.0

1979 COUNTY COSTS

County	Certified Budget	Actual Expenditures	Differences	% Over Budget
Vance	$155,403	$180,866	$ (25,463)	16.0
Wake	650,000	942,743	(292,743)	45.0
Warren	101,954	100,193	1,761	
Washington	36,005	60,729	(24,724)	69.0
Watauga	94,126	96,187	(2,061)	2.2
Wayne	319,294	454,310	(135,016)	42.0
Wilkes	161,328	221,532	(60,204)	37.0
Wilson	194,597	240,185	(45,588)	23.0
Yadkin	62,449	117,733	(55,284)	89.0
Yancey	38,647	52,857	(14,210)	37.0

1979 COUNTY COSTS FOR NURSING HOMES AND REST HOMES

County	County Costs at New Rates	County Costs at Old Rates	County Costs Reduction	County Costs Overrun
Alamance	$280,802	$236,276		$44,526
Alexander	78,163	71,243		6,920
Alleghany	27,515	38,452	$(10,937)	
Anson	153,622	127,605		26,017
Ashe	65,793	86,864	(21,071)	
Avery	51,484	48,418		3,066
Beaufort	119,626	111,414		8,212
Bertie	70,880	62,607		8,273
Bladen	93,509	74,675		18,834
Brunswick	91,897	74,863		17,034
Buncombe	461,480	477,389	(15,909)	
Burke	236,538	220,351		16,187
Cabarrus	287,507	262,305		25,202
Caldwell	181,785	178,187		3,598
Camden	23,523	14,897		8,626

1979 COUNTY COSTS FOR NURSING HOMES AND REST HOMES

County	County Costs at New Rates	County Costs at Old Rates	County Costs Reduction	County Costs Overrun
Carteret	$126,194	$109,741		$16,453
Caswell	62,522	63,409	$ (887)	
Catawba	313,959	246,356		67,603
Chatham	118,772	106,230		12,542
Cherokee	37,369	37,521	(152)	
Chowan	65,333	47,388		17,945
Clay	21,898	19,466		2,432
Cleveland	311,284	256,363		54,921
Columbus	154,716	133,004		21,712
Craven	194,233	174,950		19,283
Cumberland	366,951	370,507	(3,556)	
Currituck	28,123	26,575		1,548
Dare	20,353	15,037		5,316
Davidson	348,299	254,722		93,577
Davie	88,461	69,185		19,276

1979 COUNTY COSTS FOR NURSING HOMES AND REST HOMES

County	County Costs at New Rates	County Costs at Old Rates	County Costs Reduction	County Costs Overrun
Duplin	$181,848	$164,697		$17,151
Durham	544,810	464,027		80,783
Edgecombe	231,964	186,339		45,625
Forsyth	805,961	557,786		248,175
Franklin	147,882	159,957	$(12,075)	
Gaston	532,432	461,367		71,065
Gates	31,906	29,986		1,920
Graham	21,187	27,225	(6,038)	
Granville	92,948	105,586	(12,638)	
Greene	52,125	42,223		9,902
Guilford	1,029,547	753,584		275,963
Halifax	259,713	237,251		22,462
Harnett	224,596	200,380		24,216
Haywood	188,936	185,599		3,337
Henderson	154,416	151,711		2,705

1979 COUNTY COSTS FOR NURSING HOMES AND REST HOMES

County	County Costs at New Rates	County Costs at Old Rates	County Costs Reduction	County Costs Overrun
Hertford	$ 72,945	$ 74,388	$(1,443)	
Hoke	39,833	43,721	(3,388)	
Hyde	19,107	17,319		$1,788
Iredell	278,980	238,998		39,982
Jackson	86,270	88,228	(1,958)	
Johnston	319,485	302,554		16,931
Jones	40,779	33,384		7,395
Lee	100,718	80,051		20,667
Lenoir	198,235	160,787		37,448
Lincoln	124,014	108,329		15,685
Macon	36,066	31,949		4,117
Madison	60,065	54,931		5,134
Martin	69,061	47,723		21,338
McDowell	134,580	131,933		2,647
Mecklenburg	1,003,115	819,526		183,589

1979 COUNTY COSTS FOR NURSING HOMES AND REST HOMES

County	County Costs at New Rates	County Costs at Old Rates	County Costs Reduction	County Costs Overrun
Mitchell	$ 45,122	$ 43,609		$1,513
Montgomery	97,267	89,496		7,771
Moore	142,026	123,705		18,321
Nash	232,090	221,185		10,905
New Hanover	313,988	274,028		39,960
Northampton	108,467	111,231	$(2,764)	
Onslow	197,996	142,152		55,844
Orange	124,312	107,764		16,548
Pamlico	31,831	19,853		11,978
Pasquotank	105,756	88,945		16,811
Pender	66,394	61,886		4,508
Perquimans	39,608	36,665		2,941
Person	109,893	95,952		13,941
Pitt	260,439	232,024		28,415
Polk	52,616	41,252		11,364

1979 COUNTY COSTS FOR NURSING HOMES AND REST HOMES

County	County Costs at New Rates	County Costs at Old Rates	County Costs Reduction	County Costs Overrun
Randolph	$268,340	$203,348		$64,992
Richmond	153,190	144,979		8,211
Robeson	270,471	282,539	$(12,068)	
Rockingham	289,720	236,932		52,788
Rowan	360,539	315,111		45,428
Rutherford	246,794	302,282	(55,488)	
Sampson	207,639	152,104		55,535
Scotland	117,903	112,167		5,736
Stanly	201,504	136,522		64,982
Stokes	106,900	76,482		30,418
Surry	224,284	202,613		21,671
Swain	48,716	61,746	(13,030)	
Transylvania	71,338	49,006		22,332
Tyrrell	21,365	17,893		3,472
Union	195,267	162,011		33,256

1979 COUNTY COSTS FOR NURSING HOMES AND REST HOMES

County	County Costs at New Rates	County Costs at Old Rates	County Costs Reduction	County Costs Overrun
Vance	$158,001	$176,725	$(18,724)	
Wake	677,396	612,721		$64,675
Warren	75,548	84,342	(9,794)	
Washington	37,589	29,434		8,155
Watauga	78,498	63,829		14,669
Wayne	330,107	255,035		75,072
Wilkes	204,654	196,519		8,135
Wilson	193,107	208,471	(15,364)	
Yadkin	106,711	93,180		13,531
Yancey	36,843	41,489	(4,646)	
Totals	18,175,342	15,884,766		

		# Counties
Overrun	$2,513,006	80
Reduction	(222,430)	20
Net Additional Cost	$2,290,576	100

County	FY 1979 Actual Expenditures	FY 1979 Certified Budget	Amount Over Certified Budget 1-2	FY 79 RH Reduction	ICF/MRC Relief	$2.5 Million Grant	FY 1979 Net Expenditures 1-4-5-6	Over Budget	Under Budget
Alamance	$ 327,552	$ 191,588	$ 135,964	$ 61,655	$12,128	$ 44,526	$ 209,243	$ 17,655	
Alexander	82,820	65,734	17,086	20,158	3,025	6,920	52,717		$ 13,017
Alleghany	24,108	22,862	1,246	14,327	1,001	--	8,780		14,082
Anson	164,387	97,158	67,229	32,905	3,080	26,017	102,385	5,227	
Ashe	68,460	60,651	7,809	31,160	3,495	--	33,805		26,846
Avery	69,815	58,706	11,109	14,285	1,062	3,066	51,402		7,304
Beaufort	147,592	138,933	8,659	30,630	1,757	8,212	106,993		31,940
Bertie	119,364	87,730	31,634	17,168	2,363	8,273	91,560	3,830	
Bladen	171,399	132,958	38,441	18,240	5,207	18,834	129,118		3,840
Brunswick	129,730	89,002	40,728	17,833	2,139	17,034	92,724	3,722	
Buncombe	511,983	340,004	171,979	148,680	23,599	--	339,709		295
Burke	249,075	156,766	92,309	63,376	13,718	16,187	155,794		972
Cabarrus	324,928	210,252	114,676	74,156	11,762	25,202	213,808	3,556	
Caldwell	188,569	118,963	69,606	52,579	10,512	3,598	121,880	2,917	
Camden	29,604	15,423	14,181	2,593	399	8,626	17,986	2,563	
Carteret	140,967	84,653	56,314	29,902	2,093	16,453	92,519	7,866	
Caswell	83,277	81,853	1,424	19,510	2,679	--	61,088		20,765
Catawba	350,869	209,752	141,117	58,559	10,939	67,603	213,768	4,016	
Chatham	126,313	119,748	6,565	29,635	2,867	12,542	81,269		38,479
Cherokee	59,817	59,564	253	11,662	2,346	--	45,809		13,755

County	FY 1979 Actual Expenditures	FY 1979 Certified Budget	Amount Over Certified Budget 1-2	FY 79 RH Reduction	ICF/MRC Relief	$2.5 Million Grant	FY 1979 Net Expenditures 1-4-5-6	Over Budget	Under Budget
Chowan	$ 73,122	$ 43,565	$ 29,557	$ 10,108	$ 1,347	$ 17,945	$ 43,722	$ 157	
Clay	26,730	26,113	617	5,428	695	2,432	18,175		$ 7,938
Cleveland	392,858	362,528	30,330	65,593	13,827	54,921	258,517		104,011
Columbus	273,966	253,027	20,939	36,274	7,565	21,712	208,415		44,612
Craven	264,357	244,703	19,654	48,984	5,026	19,283	191,064		53,639
Cumberland	589,740	455,082	134,658	105,878	26,271	--	457,591	2,509	
Currituck	31,911	22,503	9,408	7,827	1,060	1,548	21,476		1,027
Dare	29,233	17,128	12,105	3,369	968	5,316	19,580	2,452	
Davidson	422,380	257,342	165,038	55,874	12,140	93,577	260,789	3,447	
Davie	103,242	86,015	17,227	16,678	3,589	19,276	63,699		22,316
Duplin	216,534	146,084	70,450	46,524	946	17,151	151,913	5,829	
Durham	776,091	550,342	225,749	114,099	16,674	80,783	564,535	14,193	
Edgecombe	319,700	222,991	96,709	45,056	3,013	45,625	226,006	3,015	
Forsyth	1,095,236	774,000	321,236	105,184	19,822	248,175	722,055		51,945
Franklin	169,154	149,505	19,649	51,520	3,720	--	113,914		35,591
Gaston	608,748	422,477	186,271	123,876	21,345	71,065	392,462		30,015
Gates	37,727	43,042	(5,315)	8,868	454	1,920	26,485		16,557
Graham	19,960	18,476	1,484	9,665	589	--	9,706		8,770
Granville	118,677	87,517	31,160	35,151	4,557	--	78,969		8,548
Greene	80,637	55,380	25,257	10,627	764	9,902	59,344	3,964	

County	FY 1979 Actual Expenditures	FY 1979 Certified Budget	Amount Over Certified Budget 1-2	FY 79 RH Reduction	ICF/MRC Relief	$2.5 Million Grant	FY 1979 Net Expenditures 1-4-5-6	Over Budget	Under Budget
	1	2	3	4	5	6	7	8	
Guilford	$ 1,366,403	$ 831,499	$ 534,904	$ 158,457	$34,988	$ 275,963	$ 896,995	$ 65,496	
Halifax	344,318	265,050	79,268	67,369	3,204	22,462	251,283		$ 13,767
Harnett	311,573	203,887	107,686	54,515	9,682	24,216	223,160	19,273	
Haywood	179,284	167,680	11,604	54,829	4,327	3,337	116,791		50,889
Henderson	179,956	151,413	28,543	45,702	8,611	2,705	122,938		28,475
Hertford	104,242	80,135	24,107	22,609	2,178	--	79,455		680
Hoke	71,704	67,359	4,345	14,315	4,460	--	52,929		14,430
Hyde	26,389	15,606	10,783	4,804	136	1,788	19,661	4,055	
Iredell	329,027	260,351	68,676	61,872	13,818	39,982	213,355		46,996
Jackson	78,343	56,487	21,856	27,515	1,770	--	49,058		7,429
Johnston	366,921	229,404	137,517	88,390	12,620	16,931	248,980	19,576	
Jones	71,326	48,673	22,653	8,494	1,723	7,395	53,714	5,041	
Lee	148,626	88,085	60,541	19,407	6,355	20,667	102,197	14,112	
Lenoir	302,838	203,744	99,094	40,618	5,474	37,448	219,298	15,554	
Lincoln	153,850	129,496	24,354	29,402	6,166	15,685	102,597		26,899
Macon	52,664	46,997	5,667	8,901	914	4,117	38,732		8,265
Madison	83,616	76,150	7,466	15,335	1,014	5,134	62,133		14,017
Martin	109,057	81,671	27,386	9,735	589	21,338	77,395		4,276
McDowell	128,601	78,795	49,806	39,195	3,658	2,647	83,101	4,306	
Mecklenburg	1,475,673	991,227	484,446	202,059	59,364	183,589	1,030,661	39,434	

County	FY 1979 Actual Expenditures	FY 1979 Certified Budget	Amount Over Certified Budget 1-2	FY 79 RH Reduction	ICF/MRC Relief	$2.5 Million Grant	FY 1979 Net Expenditures 1-4-5-6	Over Budget	Under Budget
Mitchell	$ 70,799	$ 57,234	$ 13,565	$ 12,359	$ 1,273	$ 1,513	$ 55,654		$ 1,580
Montgomery	103,617	66,707	36,910	25,484	3,761	7,771	66,601		106
Moore	198,284	198,177	107	33,993	8,190	18,321	137,780		60,397
Nash	278,572	275,909	2,663	62,348	2,545	10,905	202,774		73,135
New Hanover	418,458	270,716	147,742	74,461	10,024	39,960	294,013	$ 23,297	
Northampton	134,370	105,885	28,485	34,679	2,570	--	97,121		8,764
Onslow	260,766	222,177	38,589	29,575	1,938	55,844	173,409		48,768
Orange	152,724	165,088	(12,364)	28,998	3,494	16,548	103,684		61,404
Pamlico	54,681	32,476	22,205	3,345	863	11,978	38,495	6,019	
Pasquotank	109,001	88,983	20,018	23,102	1,913	16,811	67,175		21,808
Pender	92,386	64,031	28,355	17,917	2,219	4,508	67,742	3,711	
Perquimans	40,822	46,862	(6,040)	10,493	1,024	2,941	26,364		20,498
Person	151,400	158,523	(7,123)	25,522	7,105	13,941	104,832		53,691
Pitt	363,323	324,381	38,942	64,237	8,351	28,415	262,320		62,061
Polk	52,502	36,180	16,322	9,929	546	11,364	30,663		5,517
Randolph	289,760	151,248	138,512	47,267	10,090	64,992	167,411	16,163	
Richmond	189,881	136,200	53,681	42,708	6,752	8,211	132,210		3,990
Robeson	474,071	365,776	108,295	87,985	21,631	--	364,455		1,321
Rockingham	359,718	326,564	33,154	60,130	4,980	52,788	241,820		84,744
Rowan	370,703	295,211	75,492	84,390	14,542	45,428	226,343		68,868

County	FY 1979 Actual Expenditures	FY 1979 Certified Budget	Amount Over Certified Budget 1-2	FY 79 RH Reduction	ICF/MRC Relief	$2.5 Million Grant	FY 1979 Net Expenditures 1-4-5-6	Over Budget	Under Budge
Rutherford	$ 194,926	$ 134,653	$ 60,273	$ 104,575	$ 8,435	$ --	$ 81,916		$ 52,737
Sampson	285,518	170,526	114,992	33,931	6,794	55,535	189,258	$ 18,732	
Scotland	176,611	161,582	15,029	31,384	8,268	5,736	131,223		30,359
Stanly	228,603	110,644	117,959	26,513	5,275	64,982	131,832	21,188	
Stokes	137,594	78,568	59,026	15,195	3,360	30,418	88,621	10,053	
Surry	226,335	220,722	25,613	57,259	3,805	21,671	143,600		57,122
Swain	37,947	40,465	(2,518)	22,316	--	--	15,631		24,834
Transylvania	84,385	50,202	34,183	9,255	3,417	22,332	49,381		821
Tyrrell	33,301	29,157	4,144	4,664	228	3,472	24,937		4,220
Union	230,753	140,215	90,538	41,630	7,816	33,256	148,051	7,836	
Vance	180,866	155,403	25,463	57,915	3,541	--	119,409		35,994
Wake	942,743	650,000	292,743	170,034	25,130	64,675	682,904	32,904	
Warren	100,193	101,954	(1,761)	27,360	1,513	--	71,320		30,634
Washington	60,729	36,005	24,724	6,983	--	8,155	45,591	9,586	
Watauga	96,187	94,126	2,061	15,421	1,872	14,669	64,225		29,901
Wayne	454,310	319,294	135,016	60,243	17,364	75,072	301,631		17,663
Wilkes	221,532	161,328	60,204	58,302	11,035	8,135	144,060		17,268
Wilson	240,185	194,597	45,588	66,428	5,667	--	168,090		26,507
Yadkin	117,733	62,449	55,284	24,495	3,791	13,531	75,916	13,467	
Yancey	52,857	38,647	14,210	13,238	1,732	--	37,887		760

EXPLANATION OF TABLES

In each table, counties are ranked on the basis of worst to best. For example, the counties with the highest percentage of aged, the highest percentage of Medicaid recipients, the highest SNF and ICF costs per capita and the highest per capita share of state owned facilities cost are ranked number 1. The higher the ranking the worse the impact.

The table showing "County Medicaid Expenditure per Capita As A Percent of County Tax Revenue per Capita" shows the following. If a county's revenue per capita is $100 and their Medicaid county costs are $2.30 per capita, then the county is spending 2.30 percent of revenue per capita on Medicaid. Once again, the counties are ranked from worst to best.

It might be useful to compare Medicaid percentage to other percentages such as education, administration, etc.

PERCENT OF MEDICAID ELIGIBLES TO TOTAL POPULATION

FY-1978-79

COUNTIES	Eligibles	Population	% of Eli. to Pop.	Rank		
1. ALAMANCE	5,124	100,000	5.1	83		
2. ALEXANDER	1,079	23,000	4.7	91		
3. ALLEGHANY	693	9,100	7.6	56		
4. ANSON	2,280	24,200	9.4	36		
5. ASHE	1,435	20,400	7.0	62		
6. AVERY	898	14,600	6.2	69		
7. BEAUFORT	3,479	39,700	8.8	42		
8. BERTIE	2,900	21,000	13.8	12		
9. BLADEN	4,192	29,400	14.3	11		
10. BRUNSWICK	2,786	36,000	7.7	54		
11. BUNCOMBE	7,593	152,900	5.0	85		
12. BURKE	3,115	66,100	4.7	92		
13. CABARRUS	4,898	79,700	6.1	70		
14. CALDWELL	2,525	61,700	4.1	96		
15. CAMDEN	526	5,800	9.1	40		
16. CARTERET	2,635	37,900	7.0	63		
17. CASWELL	2,142	19,900	10.8	21		
18. CATAWBA	4,549	102,000	4.5	94		
19. CHATHAM	1,759	30,600	5.7	73		
20. CHEROKEE	1,233	17,800	6.9	64		
21. CHOWAN	1,210	11,600	10.4	28		
22. CLAY	449	5,700	7.9	52		
23. CLEVELAND	7,411	80,100	9.3	37		
24. COLUMBUS	5,772	52,300	11.0	19		
25. CRAVEN	6,018	71,000	8.5	47		
26. CUMBERLAND	22,686	239,600	9.5	35		
27. CURRITUCK	533	11,200	4.8	90		
28. DARE	474	10,300	4.6	93		
29. DAVIDSON	5,752	103,000	5.6	74		
30. DAVIE	1,251	22,200	5.6	75		
31. DUPLIN	4,695	40,400	11.6	14		
32. DURHAM	15.410	145,100	10.6	25		
33. EDGECOMBE	7,990	55,100	14.5	9		
34. FORSYTH	20,825	231,000	9.0	41		
35. FRANKLIN	3,164	28,400	11.1	15		
36. GASTON	10,756	158,100	6.8	66		
37. GATES	794	8,300	9.6	33		
38. GRAHAM	521	6,700	7.8	53		
39. GRANVILLE	2,199	32,700	6.7	67		
40. GREENE	2,141	14,800	14.5	10		
41. GUILFORD	24,597	306,100	8.0	51		
42. HALIFAX	10,599	55,100	19.2	1		
43. HARNETT	5,820	55,500	10.5	27		
44. HAYWOOD	2,461	44,400	5.5	76		
45. HENDERSON	2,501	51,300	4.9	87		
46. HERTFORD	2,540	24,000	10.6	26		
47. HOKE	2,061	18,900	10.9	20		
48. HYDE	632	5,700	11.1	16		
49. IREDELL	4,702	79,200	5.9	72		
50. JACKSON	1,330	25,600	5.2	80		
TOTAL						

PERCENT OF MEDICAID ELIGIBLES TO TOTAL POPULATION
FY 1978-79

COUNTIES	Eligibles	Population	% of Eli. to Pop.	Rank		
51. JOHNSTON	5,771	66,900	8.6	45		
52. JONES	1,417	9,600	14.8	7		
53. LEE	2,595	34,600	7.5	57		
54. LENOIR	6,496	60,400	10.8	22		
55. LINCOLN	1,899	39,000	4.9	88		
56. MACON	660	18,900	3.5	98		
57. MADISON	1,903	17,200	11.1	17		
58. MARTIN	2,178	25,200	8.6	46		
59. McDOWELL	2,059	34,600	6.0	71		
60. MECKLENBURG	32,307	389,000	8.3	50		
61. MITCHELL	1,200	14,100	8.5	48		
62. MONTGOMERY	1,825	19,600	9.3	38		
63. MOORE	3,424	44,200	7.7	55		
64. NASH	7,225	67,100	10.8	23		
65. NEW HANOVER	8,793	100,600	8.7	44		
66. NORTHAMPTON	4,237	23,200	18.3	2		
67. ONSLOW	4,005	115,800	3.5	99		
68. ORANGE	2,734	72,400	3.8	97		
69. PAMLICO	970	9,500	10.2	30		
70. PASQUOTANK	2,054	28,700	7.2	58		
71. PENDER	2,274	21,800	10.4	29		
72. PERQUIMANS	819	8,900	9.2	39		
73. PERSON	2,910	27,200	10.7	24		
74. PITT	10,038	80,500	12.5	13		
75. POLK	652	12,900	5.1	84		
76. RANDOLPH	2,596	85,400	3.0	100		
77. RICHMOND	3,538	41,700	8.5	49		
78. ROBESON	16,199	96,000	16.9	3		
79. ROCKINGHAM	5,663	78,600	7.2	59		
80. ROWAN	4,817	92,800	5.2	81		
81. RUTHERFORD	3,751	51,900	7.2	60		
82. SAMPSON	4,707	49,200	9.6	34		
83. SCOTLAND	4,979	30,400	16.4	5		
84. STANLY	2,411	45,500	5.3	78		
85. STOKES	1,637	30,200	5.4	77		
86. SURRY	2,801	56,300	5.0	86		
87. SWAIN	920	10,500	8.8	43		
88. TRANSYLVANIA	1,156	21,900	5.3	79		
89. TYRRELL	630	3,900	16.2	6		
90. UNION	4,460	65,100	6.9	65		
91. VANCE	4,957	33,900	14.6	8		
92. WAKE	18,193	282,300	6.4	68		
93. WARREN	2,825	17,000	16.6	4		
94. WASHINGTON	1,495	15,100	9.9	31		
95. WATAUGA	1,275	29,800	4.3	95		
96. WAYNE	9,056	91,900	9.9	32		
97. WILKES	2,742	55,900	4.9	89		
98. WILSON	6,754	60,800	11.1	18		
99. YADKIN	1,455	27,800	5.2	82		
100. YANCEY	1,050	14,700	7.1	61		
TOTAL						
GRAND TOTAL	453,647	5,615,700	8.1			

COUNTY MEDICAID EXPENDITURES PER CAPITA AS A PERCENT OF COUNTY TAX REVENUES PER CAPI[TA]

COUNTIES	Co. Med. Expend.	Co. Med. Expend. Per Cap.	Co. Tax Revenue	Tax Rev. Per Cap.	Med. Expend. per Cap. ÷ Rev. per Cap.	Rank
1. ALAMANCE	$ 300,349	$ 3.00	$13,321,921	$ 133.21	2.20	92
2. ALEXANDER	74,907	3.26	1,726,425	75.06	4.34	20
3. ALLEGHANY	19,584	2.15	851,008	93.52	2.30	87
4. ANSON	149,508	6.18	2,112,560	87.30	7.08	2
5. ASHE	56,209	2.76	2,037,970	99.90	2.76	76
6. AVERY	59,132	4.05	1,476,740	101.15	4.00	27
7. BEAUFORT	131,327	3.31	4,356,635	109.74	3.02	62
8. BERTIE	104,557	4.98	1,843,871	87.80	5.67	6
9. BLADEN	149,336	5.08	3,170,143	107.83	4.71	12
10. BRUNSWICK	114,487	3.18	7,550,712	209.74	1.52	98
11. BUNCOMBE	455,895	2.98	19,752,851	129.19	2.31	85
12. BURKE	225,611	3.41	7,232,464	109.42	3.12	58
13. CABARRUS	294,469	3.69	8,692,985	109.07	3.38	50
14. CALDWELL	169,628	2.75	6,900,407	111.84	2.46	81
15. CAMDEN	27,161	4.68	640,106	110.36	4.24	23
16. CARTERET	124,425	3.28	4,077,347	107.58	3.05	61
17. CASWELL	72,912	3.66	1,849,693	92.95	3.94	29
18. CATAWBA	324,316	3.18	13,492,010	132.27	2.40	83
19. CHATHAM	117,080	3.83	3,991,813	130.45	2.94	69
20. CHEROKEE	49,513	2.78	1,339,206	75.24	3.69	39
21. CHOWAN	68,163	5.88	1,480,229	127.61	4.61	14
22. CLAY	22,199	3.89	481,618	84.49	4.60	15
23. CLEVELAND	352,915	4.41	9,845,761	122.92	3.59	45
24. COLUMBUS	232,991	4.45	5,767,857	110.28	4.04	25
25. CRAVEN	233,583	3.29	6,247,622	87.99	3.74	36
26. CUMBERLAND	523,103	2.18	27,299,435	113.94	1.91	94
27. CURRITUCK	27,908	2.49	1,835,495	163.88	1.52	99
28. DARE	23,917	2.32	2,533,043	245.93	0.94	100
29. DAVIDSON	388,532	3.77	10,158,234	98.62	3.82	33
30. DAVIE	95,164	4.29	2,887,358	130.06	3.30	51
31. DUPLIN	186,592	4.62	4,807,851	119.01	3.88	30
32. DURHAM	716,361	4.94	24,444,703	168.46	2.93	71
33. EDGECOMBE	293,346	5.32	5,834,490	105.89	5.02	11
34. FORSYTH	1,018,751	4.41	44,041,794	190.66	2.31	86
35. FRANKLIN	147,004	5.18	2,344,337	82.55	6.27	4
36. GASTON	555,478	3.51	19,441,114	122.97	2.85	72
37. GATES	32,978	3.97	1,032,134	124.35	3.19	55
38. GRAHAM	16,905	2.52	599,361	89.46	2.82	73
39. GRANVILLE	106,984	3.27	2,874,413	87.90	3.72	37
40. GREENE	74,850	5.06	2,024,799	136.81	3.70	38
41. GUILFORD	1,242,261	4.06	32,315,545	105.57	3.85	32
42. HALIFAX	313,160	5.68	5,262,037	95.50	5.95	5
43. HARNETT	285,067	5.14	5,509,793	99.28	5.18	10
44. HAYWOOD	157,194	3.54	4,893,238	110.21	3.21	54
45. HENDERSON	161,949	3.16	6,583,227	128.33	2.46	82
46. HERTFORD	88,423	3.68	2,975,492	123.98	2.97	64
47. HOKE	61,033	3.23	1,888,318	99.91	3.23	53
48. HYDE	22,674	3.98	1,006,023	176.50	2.25	90
49. IREDELL	299,116	3.78	7,021,097	88.65	4.26	22
50. JACKSON	68,171	2.66	2,454,158	95.87	2.77	75
TOTAL						

COUNTIES	Co. Med. Expend.	Co. Med. Expend. Per Cap.	Co. Tax Revenue	Tax Rev. Per Cap.	Med.Expend. per Cap. ÷ Rev. per Capita	Rank
51. JOHNSTON	$ 324,573	4.85	$ 7,449,325	$ 111.35	4.36	19
52. JONES	59,905	6.24	935,615	97.46	6.40	3
53. LEE	134,491	3.88	5,287,135	152.81	2.54	79
54. LENOIR	269,999	4.47	7,651,150	126.67	3.53	46
55. LINCOLN	140,601	3.61	4,588,951	117.67	3.07	60
56. MACON	46,278	2.45	1,836,933	97.19	2.52	80
57. MADISON	71,489	4.15	1,285,575	74.74	5.55	7
58. MARTIN	98,621	3.91	4,355,201	172.83	2.26	88
59. McDOWELL	114,766	3.31	3,491,064	100.90	3.28	52
60. MECKLENBURG	1,379,265	3.55	76,700,081	197.17	1.80	95
61. MITCHELL	58,843	4.17	1,521,875	107.93	3.86	31
62. MONTGOMERY	92,357	4.71	2,510,746	128.10	3.68	40
63. MOORE	177,462	4.01	5,960,081	134.84	2.97	65
64. NASH	253,215	3.77	6,670,805	99.42	3.79	34
65. NEW HANOVER	371,306	3.69	16,653,990	165.55	2.23	91
66. NORTHAMPTON	119,714	5.16	1,652,882	71.24	7.24	1
67. ONSLOW	231,648	2.00	7,730,670	66.76	3.00	63
68. ORANGE	141,043	1.95	8,632,702	119.26	1.64	97
69. PAMLICO	48,398	5.09	1,119,460	117.84	4.32	21
70. PASQUOTANK	97,110	3.38	3,072,965	107.07	3.16	56
71. PENDER	77,844	3.57	2,645,777	121.37	2.94	70
72. PERQUIMANS	36,334	4.08	1,223,321	137.45	2.97	66
73. PERSON	134,301	4.94	3,960,479	145.61	3.39	49
74. PITT	329,236	4.09	11,711,708	145.49	2.81	74
75. POLK	48,899	3.79	1,351,453	104.76	3.62	41
76. RANDOLPH	264,902	3.10	6,445,646	75.48	4.11	24
77. RICHMOND	166,981	4.00	4,859,293	116.53	3.43	48
78. ROBESON	416,985	4.34	10,425,765	108.60	4.00	28
79. ROCKINGHAM	323,826	4.12	10,296,886	131.00	3.15	57
80. ROWAN	337,118	3.63	9,609,049	103.55	3.51	47
81. RUTHERFORD	169,971	3.27	5,761,750	111.02	2.95	68
82. SAMPSON	255,013	5.18	4,628,233	94.07	5.51	8
83. SCOTLAND	161,870	5.32	4,000,897	131.61	4.04	26
84. STANLY	210,633	4.63	5,557,452	122.14	3.79	35
85. STOKES	124,853	4.13	5,525,878	182.98	2.26	89
86. SURRY	204,404	3.63	6,908,510	122.71	2.96	67
87. SWAIN	34,133	3.25	726,041	69.15	4.70	13
88. TRANSYLVANIA	77,650	3.55	3,536,151	161.47	2.20	93
89. TYRRELL	28,859	7.40	646,240	165.70	4.47	16
90. UNION	211,471	3.25	8,162,072	125.38	2.59	78
91. VANCE	159,930	4.72	4,418,757	130.35	3.62	42
92. WAKE	866,965	3.07	49,134,906	174.05	1.76	96
93. WARREN	86,854	5.11	1,575,879	92.70	5.51	9
94. WASHINGTON	55,389	3.67	1,780,648	117.92	3.11	59
95. WATAUGA	87,181	2.93	3,657,591	122.74	2.39	84
96. WAYNE	419,399	4.56	9,459,437	102.93	4.43	17
97. WILKES	194,745	3.48	5,387,777	96.38	3.61	43
98. WILSON	225,247	3.70	8,525,564	140.22	2.64	77
99. YADKIN	103,004	3.71	2,336,530	84.05	4.41	18
100. YANCEY	45,536	3.10	1,262,289	85.87	3.61	44
TOTAL						
GRAND TOTAL	$20,927.795	$3.73	$716,935,928		2.92	

COUNTIES	% Pop. over 65	Rank				
1. ALAMANCE	10.64	57				
2. ALEXANDER	9.23	85				
3. ALLEGHANY	16.23	5				
4. ANSON	14.24	13				
5. ASHE	14.11	14				
6. AVERY	11.01	52				
7. BEAUFORT	12.93	26				
8. BERTIE	13.43	21				
9. BLADEN	11.03	49				
10. BRUNSWICK	9.44	81				
11. BUNCOMBE	13.72	16				
12. BURKE	9.49	79				
13. CABARRUS	11.50	42				
14. CALDWELL	8.57	91				
15. CAMDEN	11.86	35				
16. CARTERET	10.66	56				
17. CASWELL	10.44	61				
18. CATAWBA	8.94	87				
19. CHATHAM	10.78	55				
20. CHEROKEE	13.68	18				
21. CHOWAN	12.51	30				
22. CLAY	15.58	8				
23. CLEVELAND	9.90	70				
24. COLUMBUS	10.40	63				
25. CRAVEN	7.16	97				
26. CUMBERLAND	3.91	99				
27. CURRITUCK	12.25	32				
28. DARE	13.47	20				
29. DAVIDSON	9.71	75				
30. DAVIE	11.03	50				
31. DUPLIN	11.30	47				
32. DURHAM	9.95	69				
33. EDGECOMBE	10.06	65				
34. FORSYTH	9.41	83				
35. FRANKLIN	13.22	23				
36. GASTON	9.79	74				
37. GATES	13.83	15				
38. GRAHAM	13.54	19				
39. GRANVILLE	10.45	60				
40. GREENE	9.46	80				
41. GUILFORD	9.50	78				
42. HALIFAX	11.94	34				
43. HARNETT	9.81	72				
44. HAYWOOD	13.38	22				
45. HENDERSON	15.37	10				
46. HERTFORD	11.78	36				
47. HOKE	7.71	95				
48. HYDE	15.50	9				
49. IREDELL	11.02	51				
50. JACKSON	10.06	66				
TOTAL						

COUNTIES	% of Pop. over 65	Rank				
51. JOHNSTON	10.58	58				
52. JONES	11.64	39				
53. LEE	9.98	68				
54. LENOIR	9.81	73				
55. LINCOLN	9.57	77				
56. MACON	11.45	46				
57. MADISON	17.31	2				
58. MARTIN	15.89	7				
59. McDOWELL	10.87	53				
60. MECKLENBURG	7.78	94				
61. MITCHELL	16.44	4				
62. MONTGOMERY	12.35	31				
63. MOORE	13.13	24				
64. NASH	10.42	62				
65. NEW HANOVER	9.40	84				
66. NORTHAMPTON	12.78	28				
67. ONSLOW	2.97	100				
68. ORANGE	7.07	98				
69. PAMLICO	14.53	12				
70. PASQUOTANK	11.47	45				
71. PENDER	11.66	37				
72. PERQUIMANS	15.92	6				
73. PERSON	11.09	48				
74. PITT	8.61	90				
75. POLK	19.67	1				
76. RANDOLPH	10.06	67				
77. RICHMOND	10.86	54				
78. ROBESON	8.74	88				
79. ROCKINGHAM	11.50	43				
80. ROWAN	12.74	29				
81. RUTHERFORD	12.96	25				
82. SAMPSON	11.56	40				
83. SCOTLAND	8.35	92				
84. STANLY	11.48	44				
85. STOKES	10.51	59				
86. SURRY	11.66	38				
87. SWAIN	12.91	27				
88. TRANSYLVANIA	9.60	76				
89. TYRRELL	16.65	3				
90. UNION	9.21	86				
91. VANCE	11.56	41				
92. WAKE	7.27	96				
93. WARREN	14.75	11				
94. WASHINGTON	9.44	82				
95. WATAUGA	8.67	89				
96. WAYNE	8.11	93				
97. WILKES	10.22	64				
98. WILSON	9.89	71				
99. YADKIN	12.25	33				
100. YANCEY	13.71	17				
TOTAL						
GRAND TOTAL						

ICF & SNF, GENERAL
COUNTY SHARE
FY 1978-79

COUNTIES	Co.Exp. for ICF,SNF,GEN	Exp per Capita	Rank			
1. ALAMANCE	$ 184,720	$ 1.85	67			
2. ALEXANDER	47,341	2.06	55			
3. ALLEGHANY	5,837	.64	100			
4. ANSON	102,264	4.23	2			
5. ASHE	17,589	.86	98			
6. AVERY	30,418	2.08	53			
7. BEAUFORT	67,649	1.70	75			
8. BERTIE	44,484	2.12	49			
9. BLADEN	64,390	2.19	42			
10. BRUNSWICK	60,768	1.69	76			
11. BUNCOMBE	227,826	1.49	83			
12. BURKE	138,482	2.10	51			
13. CABARRUS	172,536	2.16	46			
14. CALDWELL	98,404	1.59	81			
15. CAMDEN	18,877	3.25	5			
16. CARTERET	78,963	2.08	52			
17. CASWELL	32,502	1.63	80			
18. CATAWBA	221,778	2.17	43			
19. CHATHAM	73,685	2.41	30			
20. CHEROKEE	19,918	1.12	93			
21. CHOWAN	49,094	4.23	1			
22. CLAY	13,688	2.40	31			
23. CLEVELAND	210,190	2.62	18			
24. COLUMBUS	100,167	1.92	65			
25. CRAVEN	118,497	1.67	77			
26. CUMBERLAND	176,985	.74	99			
27. CURRITUCK	15,147	1.35	88			
28. DARE	13,254	1.29	89			
29. DAVIDSON	258,476	2.51	23			
30. DAVIE	62,365	2.81	12			
31. DUPLIN	110,737	2.74	15			
32. DURHAM	338,722	2.33	35			
33. EDGECOMBE	157,511	2.86	10			
34. FORSYTH	614,767	2.66	16			
35. FRANKLIN	69,103	2.43	27			
36. GASTON	340,946	2.16	45			
37. GATES	18,173	2.19	41			
38. GRAHAM	6,291	.94	97			
39. GRANVILLE	39,204	1.20	92			
40. GREENE	34,888	2.36	32			
41. GUILFORD	740,899	2.42	28			
42. HALIFAX	156,201	2.83	11			
43. HARNETT	137,448	2.48	25			
44. HAYWOOD	100,870	2.27	37			
45. HENDERSON	84,340	1.64	79			
46. HERTFORD	36,390	1.52	82			
47. HOKE	17,806	.94	96			
48. HYDE	11,545	2.03	58			
49. IREDELL	177,185	2.24	39			
50. JACKSON	44,113	1.72	73			
TOTAL						

COUNTIES	Co.Exp.for ICF,SNF,GEN	Exp. per Capita	Rank
51. JOHNSTON	$ 184,530	$ 2.76	14
52. JONES	27,632	2.88	9
53. LEE	70,056	2.02	60
54. LENOIR	134,910	2.23	40
55. LINCOLN	78,852	2.02	59
56. MACON	22,655	1.20	91
57. MADISON	35,174	2.05	57
58. MARTIN	54,381	2.16	44
59. McDOWELL	72,975	2.11	50
60. MECKLENBURG	672,309	1.73	72
61. MITCHELL	24,119	1.71	74
62. MONTGOMERY	57,784	2.95	7
63. MOORE	90,719	2.05	56
64. NASH	127,514	1.90	66
65. NEW HANOVER	197,612	1.96	64
66. NORTHAMPTON	54,365	2.34	34
67. ONSLOW	145,966	1.26	90
68. ORANGE	78,209	1.08	94
69. PAMLICO	26,574	2.80	13
70. PASQUOTANK	64,989	2.26	38
71. PENDER	38,421	1.76	71
72. PERQUIMANS	22,944	2.58	20
73. PERSON	68,985	2.54	21
74. PITT	159,877	1.99	63
75. POLK	37,250	2.89	8
76. RANDOLPH	194,556	2.28	36
77. RICHMOND	89,001	2.13	48
78. ROBESON	129,747	1.35	87
79. ROCKINGHAM	196,554	2.50	24
80. ROWAN	224,000	2.41	29
81. RUTHERFORD	85,865	1.65	78
82. SAMPSON	156,104	3.17	6
83. SCOTLAND	64,792	2.13	47
84. STANLY	159,219	3.50	4
85. STOKES	79,593	2.64	17
86. SURRY	136,845	2.43	26
87. SWAIN	15,202	1.45	86
88. TRANSYLVANIA	55,143	2.52	22
89. TYRRELL	13,937	3.57	3
90. UNION	130,939	2.01	62
91. VANCE	68,070	2.01	61
92. WAKE	412,527	1.46	85
93. WARREN	30,471	1.79	68
94. WASHINGTON	26,519	1.76	70
95. WATAUGA	52,718	1.77	69
96. WAYNE	237,021	2.58	19
97. WILKES	115,218	2.06	54
98. WILSON	88,914	1.46	84
99. YADKIN	65,351	2.35	33
100. YANCEY	14,968	1.02	95
TOTAL			
GRAND TOTAL	$11,355,509	$2.02	

COUNTIES	Co.Exp. in S/O Facil.	Expend. Per Capita	Rank			
1. ALAMANCE	$ 35,536	$ 0.36	49			
2. ALEXANDER	8,477	0.37	46			
3. ALLEGHANY	3,116	0.34	56			
4. ANSON	10,343	0.43	34			
5. ASHE	8,533	0.42	39			
6. AVERY	3,446	0.24	81			
7. BEAUFORT	9,585	0.24	80			
8. BERTIE	6,088	0.29	74			
9. BLADEN	18,303	0.62	8			
10. BRUNSWICK	8,519	0.24	82			
11. BUNCOMBE	87,275	0.57	15			
12. BURKE	42,073	0.64	7			
13. CABARRUS	29,460	0.37	47			
14. CALDWELL	26,008	0.42	40			
15. CAMDEN	854	0.15	96			
16. CARTERET	5,216	0.14	97			
17. CASWELL	8,957	0.45	31			
18. CATAWBA	31,971	0.31	68			
19. CHATHAM	11,216	0.37	48			
20. CHEROKEE	7,270	0.41	41			
21. CHOWAN	2,886	0.25	78			
22. CLAY	1,883	0.33	58			
23. CLEVELAND	39,615	0.49	23			
24. COLUMBUS	25,582	0.49	24			
25. CRAVEN	14,457	0.20	89			
26. CUMBERLAND	75,084	0.31	69			
27. CURRITUCK	3,372	0.30	72			
28. DARE	2,810	0.27	76			
29. DAVIDSON	35,969	0.35	51			
30. DAVIE	9,565	0.43	35			
31. DUPLIN	9,622	0.24	83			
32. DURHAM	68,639	0.47	27			
33. EDGECOMBE	12,927	0.23	86			
34. FORSYTH	63,269	0.27	77			
35. FRANKLIN	17,655	0.62	9			
36. GASTON	64,593	0.41	42			
37. GATES	1,608	0.19	90			
38. GRAHAM	2,987	0.45	32			
39. GRANVILLE	16,734	0.51	19			
40. GREENE	4,863	0.33	59			
41. GUILFORD	101,612	0.33	60			
42. HALIFAX	17,453	0.32	64			
43. HARNETT	34,417	0.62	10			
44. HAYWOOD	12,315	0.28	75			
45. HENDERSON	28,293	0.55	16			
46. HERTFORD	9,138	0.38	44			
47. HOKE	15,427	0.82	1			
48. HYDE	2,433	0.43	36			
49. IREDELL	42,390	0.54	17			
50. JACKSON	4,896	0.19	91			
TOTAL						

OUNTIES	Co. Exp. in S/O Facil.	Exp. per Capita	Rank			
1. JOHNSTON	$ 36,382	$0.54	18			
2. JONES	4,845	0.50	20			
3. LEE	16,041	0.46	28			
4. LENOIR	19,985	0.33	61			
5. LINCOLN	17,217	0.44	33			
6. MACON	8,692	0.46	29			
7. MADISON	4,142	0.24	84			
8. MARTIN	4,203	0.17	93			
9. McDOWELL	17,321	0.50	21			
0. MECKLENBURG	157,546	0.41	43			
1. MITCHELL	6,962	0.49	25			
2. MONTGOMERY	9,886	0.50	22			
3. MOORE	26,966	0.61	12			
4. NASH	16,165	0.24	85			
5. NEW HANOVER	34,229	0.34	57			
6. NORTHAMPTON	10,613	0.46	30			
7. ONSLOW	9,486	0.08	98			
8. ORANGE	11,610	0.16	94			
9. PAMLICO	2,863	0.30	73			
0. PASQUOTANK	4,245	0.15	95			
1. PENDER	6,807	0.31	70			
2. PERQUIMANS	2,900	0.33	62			
3. PERSON	19,184	0.71	4			
4. PITT	28,264	0.35	52			
5. POLK	2,364	0.18	92			
6. RANDOLPH	29,939	0.35	53			
7. RICHMOND	17,815	0.43	37			
8. ROBESON	63,334	0.66	6			
9. ROCKINGHAM	19,466	0.25	79			
0. ROWAN	44,128	0.48	26			
1. RUTHERFORD	30,609	0.59	14			
2. SAMPSON	20,987	0.43	38			
3. SCOTLAND	22,533	0.74	3			
4. STANLY	14,445	0.32	67			
5. STOKES	10,437	0.35	55			
6. SURRY	11,724	0.21	88			
7. SWAIN	202	0.02	99			
8. TRANSYLVANIA	8,274	0.38	45			
9. TYRRELL	2,911	0.75	2			
0. UNION	21,679	0.33	63			
1. VANCE	12,118	0.36	50			
2. WAKE	90,910	0.32	66			
3. WARREN	5,191	0.31	71			
4. WASHINGTON	178	0.01	100			
5. WATAUGA	6,140	0.21	87			
6. WAYNE	56,860	0.62	11			
7. WILKES	33,871	0.61	13			
8. WILSON	21,459	0.35	54			
9. YADKIN	8,763	0.32	65			
0. YANCEY	10,129	0.69	5			
TAL						
AND TOTAL	$2,147,580	0.38				

APPENDIX K

SUMMARY OF REMARKS BEFORE THE LEGISLATIVE RESEARCH COMMITTEE ON STATE REVENUE SHARING

Charles D. Liner
Assistant Director
Institute of Government
January 29, 1980

Background

North Carolina's system of governmental finance has three basic characteristics that are relevant to current proposals regarding state revenue-sharing:

- Whereas in many states local governments have been charged with the basic responsibility for providing and financing government services at the local level, in North Carolina the state has assumed responsibility for ensuring that government services are provided adequately throughout the state. Over the years the General Assembly has taken extraordinary measures to ensure adequate services (1) by assuming financial responsibility, as with public schools; (2) by taking over local government functions, as with roads, prisons, and courts; and (3) by sharing state revenue sources directly with local governments, as with Powell Bill funds for municipal streets, the local-option sales tax, municipal utility franchise taxes, and alcoholic beverage taxes.

- In North Carolina financial responsibility for government services is centralized at the state level to a greater degree than elsewhere. The state finances a relatively large proportion of expenditures for services that are administered by local governments. Of total 1976-77 state and local expenditures from North Carolina revenue sources, the state financed 70.7 per cent, compared with an average of 55.5 per cent for all states and as little as 48 per cent in several states. The state financed 76.9 per cent of public school expenditures, a percentage exceeded by only Alaska, Hawaii, and New Mexico. Revenues from the state accounted for 57.5 per cent of total general revenues of counties and 15.1 per cent of total general revenues of municipalities.

- North Carolina's system of governments is unusally simply and well-ordered. Counties serve primarily as agents of the state in administering statewide programs--particularly health, education, welfare, and social services programs. Most of the revenues for these programs come from state and federal revenues sources rather than from local taxes. Municipalities do not duplicate the functions of counties but rather serve to provide additional local services needed by people and businesses in urban areas. Most of the revenues for municipal services come from local revenue sources and federal grants. North Carolina has avoided the complex, overlapping, and fragmented nature of government systems found in many states.

Benefits of Centralized Fiscal Responsibility

The centralization of financial responsibility has had substantial benefits for North Carolina. The most important of these are:

- Fiscal equalization. Centralization results in a more nearly equal distribution of expenditures throughout the state--especially for public schools, roads and highways, and health, welfare, and social services programs--because the level of expenditures does not depend on the size of the local property tax base. For example, because the state finances a minimum program of education in the public schools, a child in the poorest county is assured of at least a minimum level of financial support for his school. In effect, state taxes are collected from across the state according to income and consumption of taxpayers but distributed across the state according to need.

- Reduced reliance on local property taxes. Property tax rates are low and fairly stable in North Carolina because a large proportion of revenues spent at the local level comes from state revenue sources and because the state has taken over responsibility for certain functions that were previously the responsibility of counties. Low property taxes are primarily the result of past measures taken by the General Assembly to reduce reliance on the property tax.

- Greater reliance on the state system of taxation, which is based primarily on the progressive personal income tax, the corporation income tax, the retail sales tax, and the gasoline tax.

State Sharing of Financial Responsibility with Local Governments

The state has a long tradition of sharing revenues--directly and indirectly--with counties, municipalities, and school administrative units. It has used three approaches to sharing fiscal responsibility with local governments:

- The state provides funds through formula grants. For example, since 1840 the state has provided grants to support a major portion of public schools operating expenses. In 1903 the state began supplementing regular state school grants by giving special equalizing grants to the poorest counties. In 1918 it undertook the financing of half the expenses of teachers' salaries for a six-month term. The state assumed responsibility for all operating expenses of the schools for a six-month term in 1931 and for an equal eight-month school term throughout the state in 1933. Today the state finances 77 per cent of total state and local expenditures through grants for public schools. It also uses formula grants to finance health, welfare, and social services programs administered by counties.

- The state has assumed administrative as well as financial responsibility for some functions traditionally provided by local governments. In 1931 the state took over county prisons and incorporated them into a state system of prisons responsible for all prisoners sentenced to 30 days or longer. Also in 1931, it assumed responsibility for constructing and maintaining all county roads (today the state has the largest state-maintained highway system in the nation). During the 1960s, the state became responsible for the operating expenses of the entire judicial system.

- The state has shared its revenues and tax base with local governments. In 1933 the state enacted the retail sales tax in order to allow the state to finance public schools, thereby permitting counties to lower property tax rates dramatically. In 1951 the state began sharing 1/2 cent of the 7-cent gasoline tax with municipalities for support of local streets (the so-called Powell Bill funds); in 1969 the local share was increased to 1 cent of the 9-cent tax. In the early 1970s the state allowed counties and municipalities to share the state sales tax base by levying a 1 per cent local-option sales tax. Between 1969 and 1973 the municipalities' share of the utility franchise tax was more than tripled; today municipalities receive half the proceeds of the taxes collected. Alcoholic beverage taxes are also shared with local governments.

The Current Situation

Although financial responsibility for government services is heavily centralized at the state level, there may be valid grounds for more state aid in financing local government expenditures. The case for such assistance might be based on the following circumstances:

- Part of the burden of financing statewide services still falls on local property taxes, and the ability to raise property tax revenues for these services varies with the income and wealth of the different counties. The most noteworthy example involves the public schools. The equality of school finance achieved in 1933 no longer exists because school administrative units supplement state funds with funds from local property taxes and other local revenue sources, and the wealthier jurisdictions are better able to raise revenues for this purpose. The resulting inequalities are described and analyzed in The Report of the Governor's Commission on Public School Finance (1979), which recommends additional state funding for an equalizing grant system. Officials in county government are protesting that the General Assembly often mandates expenditures for statewide programs without providing funds to finance these expenditures. Counties must then raise the necessary funds from the local property tax.

- Pressure from citizens who are dissatisfied with current total tax burdens, the growth of government expenditures, and the reduction in real incomes because of inflation and taxation tends to be focused on local property taxes rather than on federal and state taxes even when the conditions that the citizens are protesting are associated more with federal anbd state taxes than with local property taxes. For example, federal and state progressive income taxes increase a citizen's tax burden even though his income increases just enough to offset increases in the cost of living. But citizens can resist local property tax increases more effectively than they can resist increases in federal and state tax burdens.

- State tax revenues for the General Fund increase very fast. Between 1968-69 and 1977-78, for example, General Fund tax collections increased at an average rate of 12.2 per cent. The statewide property tax base has also increased substantially during the 1970s, but much of the increase was due to extraordinary increases in property values. Whereas state tax revenues increase automatically without rate increases, much of the local tax base is frozen between octennial revaluations, so local governments must often increase property tax rates to raise revenues necessary to meet the effects of inflation and increased demand for the services.

- The demands on growing state revenues may not be as great during the 1980s as they have been. For example, because public school, community college, and higher education enrollments are projected to decline during the next two decades, there may be less pressure to increase spending for education. During the past two decades the phenomenal growth in state revenues has been used to improve and expand government services. Revenue increases have been used not only to increase spending on existing programs but also to add major new programs such as the community college system, an expanded state university system, new prisons, and numerous health, welfare, and social services programs. The state may not be called on to finance as many new programs or programs of such magnitude in the future.

- If state and local tax rates must be reduced in response to public pressure, it may be preferable to reduce property taxes rather than state income and sales taxes.

Alternatives for the State

If the General Assembly should choose to reduce fiscal pressures on local governments, it has essentially three types of alternatives.

1. Increase state funding for statewide programs such as public schools and health, welfare, and social services to replace local funds spent on these programs. This would relieve pressure on the property tax and enable local governments to use property tax revenues for local services.

2. Increase state-shared revenue sources. Possibilities include a piggy-back income tax or an increase in the local-option sales tax rate. These measures do not equalize revenues between poor and wealthy jurisdictions, however, and they also involve an increase in the total state and local tax burdens at a time when public sentiment seems to favor tax reductions.

3. Create a state system of general revenue-sharing. General revenue-sharing has an advantage over increasing state-shared revenues in that equalization provisions can be incorporated to reduce fiscal disparities between poor and wealthy jurisdictions. If the amount shared were set at a percentage of state tax collections, revenue-sharing would provide a growing source of revenues for local governments. Revenue-sharing from existing state taxes at current rates would not require an increase in total state and local taxes. The amount shared could be increased over several years so that the general revenue-sharing could be financed from growth in state tax revenues.

The disadvantages of general revenue-sharing are that state aid would not be directed solely to statewide programs, the state would not have control over how the funds are spent (this is true also of other state-shared revenues), and, as with federal revenue-sharing, it might incline local governments to spend more on capital projects rather than on operating programs if they fear that the revenues will be eliminated in the future.

APPENDIX L

POTENTIAL FISCAL ISSUES AFFECTING LOCAL GOVERNMENTS, 1980 SESSION

Matters currently under study:
- School Finance
- School Facility Needs
- State-local Social Services Programs
- State Revenue Sharing
- State Aid to Area Mental Health Programs

Potential Issues:

(1) An increase in the local option sales tax, in the form of (a) an increase in the rate of tax on items presently taxed, or (b) extension of the tax to items not taxed at the 3% rate by the State.

(2) Neutralizing the loss to local governments from the homestead property tax exemption. The current loss is in the $15-20 million range.

(3) State aid to the less affluent counties in connection with property appraisals, tax mapping, conduct of sales/assessment ratio studies, and computerized tax records.

(4) Beginning with the 1979-80 fiscal year, units of local government were required to pay the employer's contribution for basic benefits for their employees who are members of the Law Enforcement Officers Benefit and Retirement Fund. This change has generated opposition, and there are proposals for the General Fund to assume these payments at an annual cost of over $3 million. It has also been proposed that the State make retroactive payments to local units to reimburse them for expenditures made in 1979-80.

(5) There is pressure to return to the previous State-local cost sharing levels for support of persons in nursing and rest homes, at an estimated cost of $5 million, including retroactive adjustments.

(6) The counties are pressing for State aid to cover county cost over-runs in the Medicaid program.

(7) A study of Area Mental Health Programs will recommend additional State aid and elimination of local matching requirements.

(8) Municipalities will be experiencing a decline in Powell Bill funds as gasoline sales continue to decline, and they may look to the State for more help in the area of street maintenance and construction.

(9) There is a need for several million dollars to cover the increasing costs of transporting school pupils and heating school buildings.

ATTACHMENT III
January 29, 1980

MEASURES OF FISCAL CAPACITY
NORTH CAROLINA COUNTIES

(1) Per capita income

Low: $3,646
High: $7,739

(2) Per capita local option sales tax revenue

Low: $ 7.30
High: $56.72

(3) Per capita intangibles tax revenue

Low: $ 1.73
High: $21.45

(4) Per capita property tax valuation

(adjusted for year of revaluation)
Low: $ 7,051
High: $44,372

COUNTY POPULATION

Low: 4,000

High: 384,700

Questions Regarding Distribution of Additional State Revenue-Sharing With Local Government

(1) What is the purpose of the additional State aid?
   (a) General purpose aid to improve fiscal condition of local government.
   (b) Additional revenue to allow local government to meet specific program needs. If so, what are the programs of interest?

(2) How much weight should be given to the need measure in a formula?

(3) Should the aid distribution method make any adjustments for the ability-to-pay differences between counties? If so, how much weight should be given to this equalizing factor?

(4) Should the distribution formula consider the fact that each county is required by State law to provide certain basic governmental services? If so, what percentage of the funds should be distributed on a flat amount per county basis?

ATTACHMENT V
January 29, 1980

General Methods For Distribution Of State Revenue-Sharing Funds

(1) Flat amount per county combined with another method (s)

(2) Total population basis

(3) Elderly plus school age population basis

(4) Ability-to-pay (used as equalizer) combined with (1), (2), or (3)

ATTACHMENT VI
January 29, 1980

Comments Concerning Possible Criteria Measures For Distribution State Revenue-Sharing Funds

(1) Distributing funds on the basis of a flat amount per county has the effect of providing more general fiscal aid for general government support. Each county, regardless of size, is required by State law to provide certain basic services and the cost of these services does not rise proportionally to the county's population. A side effect from using this method of distribution is to provide proportionately more funds to smaller counties. Since these counties generally have the lowest per capita income levels, another side effect is to reward poorer counties more.

(2) Distributing funds on the basis of population generally rewards counties with the highest ability-to-pay levels as there is a fairly good relationship between the population of a county and its income and wealth. In cases where the intent of the aid is general assistance, population is sometimes used as a measure of general need. The population figure for each county is an estimate compiled by the State Budget Division.

(3) An alternative to distribution by total population is the use of estimates of school-age population and elderly population in the aid formula. These two factors may be better measures of the general need for the county unit of government than total population because a high proportion of county expenditures are for public schools and social programs. The estimates for these figures are made by the State Budget Division.

(4) Per capita personal income is used in may distribution formulas at the State and Federal level as a measure of ability-to-pay. The income figures are developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. The figures represent the total after-tax disposable income. The income amounts for each county for 1977 may be slightly revised in the future. The numbers do not adjust for differences in the cost of living in each county. In distributing funds on the basis of per capita income, counties receive funds in an inverse relationship to income levels. Thus, counties with the lowest income levels received, proportionally, the largest amounts of aid. The primary justification for the use of per capita income as a measure of fiscal measures the economic strength from which spending occurs and from which all types of taxes are paid. The counter-argument to the use of this factor is that counties and cities in North Carolina cannot tax income and the local-option sales tax is limited to 1%. Thus, cities and counties must depend on the property tax as their major controllable, own-source revenue.

RESPONSES TO QUESTION DEALING WITH METHODS FOR DISTRIBUTING STATE AID TO LOCAL GOVERNMENT

FISCAL RESEARCH DIVISION OPINION SURVEY OF COUNTY COMMISSIONERS

		Number of Responses
(a)	Per capita (based on population)	50
(b)	Based on ability to pay (generally, counties with lower tax bases and lower per capita incomes of citizens would receive more financial aid per capita)	48
(c)	Some combination of county population and ability-to-pay (a + b)	79
(d)	State funds a basic level of categorical programs based on the number of people needing those services in each county (Example: State provides a specific dollar amount to each county based on the number of people with tuberculosis)	10
(e)	Some combination (d + a)	23
(f)	Other	

(1) Counties should depend mostly on local revenue.

(2) State should offer incentives for those counties trying to help themselves.

(3) Formula should account for the fact that small counties have less matching funds.

(4) Local government is more aware of local needs and is more responsive.

(5) An alternative measure of fiscal capacity is taxable property per county. This factor is a measure of the taxable wealth that can be tapped by the county for revenue. The use of this measure also takes into account the fact that the tax rate and tax valuations are under the control of the county commissioners. A major problem with this measure is data unreliability. Some causes of the unreliability include:

(a) Lack of uniformity between counties as to valuation of property.
(b) Differences between counties as to listing of property by taxepayers.
(c) Differences in revaluation year. Using the property tax base figures for each county for one year means that the valuation for 11 out of each 12 counties will be out-of-date by at least one year because of our staggered revaluation system. We have researched possible techniques to adjust each county upward to 1977-78 but are not satisfied that any of the adjustment methods suggested (including our own) are anywhere near being correct, though they are the best available.

Distributing aid on the basis of property tax base figures penalizes counties that make the effort to upgrade their property tax assessment effort.

(6) Two other measures of fiscal capacity are taxable retail sales per capita and intangibles tax distribution per capita. A problem with the retail sales measure is that 99 counties already levy the tax and it is really more of a statewide tax. Thus, it is impossible to differentiate counties on the basis of whether they have approved the tax or not. Also, the tax rate is not subject to the control of the county. Finally, the allocation of funds within the county to the county unit of government and the municipalities depends on population and ad valorem tax levies.

A reason for not using the intangibles tax distribution is that the tax rate is not subject to the control of the county. Also, 30% of the intangibles tax collections are distributed by the state on the basis of population. Intangibles tax collections represent less than 3% of counties' own-source revenue. Finally, there is an under-reporting problem with intangible personal property and the problem varies between counties.

Distribution Headings

CTYNAME	=	County.
POP77	=	County's 1977 population.
PCINC	=	Per capita income.
TBPC	=	Taxable property per capita.
GRSPC	=	Gross retail sales per capita.
INTPC	=	Intangible tax revenue per capita.

METHOD 1	=	aid distributed 100% by population.
METHOD 2	=	aid distributed 100% by per capita income basis. (Counties with low incomes would receive more funds per person than the counties with higher incomes.)
METHOD 3	=	money distributed 100% on basis of total property tax base. (Counties with low values per capita would receive more funds.)
METHOD 4	=	50% population + 40% income + 10% property.
METHOD 5	=	50% population + 30% income + 15% property + 5% sales.
METHOD 6	=	25% population 65 and over + 25% school age population + 40% income + 10% property.

OBS	CTYNAME	POP77	RANKPOP	PCINC	RANKINC	TBPC	RANKTB	GRSPC	RANKGRS-	INTPC	RANKINT
1	ALAMANCE	99800	12.0	5872	24.0	13.5701	53	4.37034	18	4.08118	28
2	ALEXANDER	22700	68.0	5458	44.0	10.2465	85	2.12357	89	2.58256	86
3	ALLEGHANY	8900	94.0	4547	76.5	18.9795	15	2.70393	73	4.14371	25
4	ANSON	24300	65.0	4828	65.0	12.4151	63	2.41333	83	4.25358	23
5	ASHE	20300	73.0	4585	74.5	17.9484	19	3.06458	64	3.11054	64
6	AVERY	14600	83.0	3646	100.0	14.3747	46	2.63500	75	3.04445	66
7	BEAUFORT	39000	46.0	5268	53.0	16.9274	24	4.91195	13	4.34454	22
8	BERTIE	21000	72.0	4386	83.0	11.9290	68	2.21386	86	3.04310	67
9	BLADEN	29500	57.0	4051	93.0	11.7063	71	2.45481	81	2.49129	88
10	BRUNSWICK	35000	49.0	4259	89.0	44.3718	1	2.51946	78	3.85023	35
11	BUNCOMBE	153200	7.0	6189	9.0	14.8475	42	5.21255	10	5.48555	7
12	BURKE	65800	27.0	5983	18.0	15.6218	32	3.11675	62	4.00354	32
13	CABARRUS	80000	20.0	6161	12.0	13.1037	59	3.63652	42	5.03785	12
14	CALDWELL	61300	29.0	6024	16.0	13.6222	52	3.39424	51	3.36672	51
15	CAMDEN	6000	97.0	4850	63.5	13.2177	56	1.61967	98	2.80117	77
16	CARTERET	36500	48.0	5030	59.0	19.1346	14	4.22090	27	3.52863	44
17	CASWELL	20000	74.0	4505	80.0	10.9669	77	1.21990	100	2.88210	74
18	CATAWBA	101900	11.0	6575	6.0	20.3545	10	5.97764	7	5.10903	11
19	CHATHAM	30500	54.5	6082	14.0	18.0839	18	3.75174	39	4.11925	27
20	CHEROKEE	17600	78.0	3873	96.0	8.0844	97	3.35227	54	2.44170	91
21	CHOWAN	11400	87.0	5108	56.0	13.1038	58	4.30806	22	4.47623	19
22	CLAY	5700	98.0	4215	90.0	9.4374	92	2.78632	72	2.68491	81
23	CLEVELAND	80200	18.0	5764	30.0	14.8192	43	3.88945	35	3.58905	41
24	COLUMBUS	51600	37.0	4349	87.0	9.4280	93	3.59432	44	2.96663	71
25	CRAVEN	69500	24.0	4806	67.0	10.7246	82	3.85590	37	3.03629	68
26	CUMBERLAND	241400	4.0	5281	50.0	11.2416	74	3.39490	49	2.37826	92
27	CURRITUCK	10600	88.0	4721	69.0	19.8306	11	3.80123	38	2.94142	73
28	DARE	9800	90.5	5387	49.0	39.6507	2	8.29439	2	5.27765	10
29	DAVIDSON	103000	10.0	6107	13.0	16.8610	26	3.55391	45	4.37670	21
30	DAVIE	21900	69.0	5532	41.0	22.0905	6	2.68598	74	3.56361	43
31	DUPLIN	40500	45.0	4801	68.0	12.2338	65	3.39486	50	2.48452	89
32	DURHAM	144600	8.0	7028	4.0	15.0777	39	4.34011	20	4.95335	14
33	EDGECOMBE	54700	36.0	5816	28.0	11.3837	72	3.27186	55	4.04878	29
34	FORSYTH	230900	5.0	7712	2.0	18.3856	17	6.07266	6	6.39903	4
35	FRANKLIN	28700	59.0	4585	74.5	10.2238	86	2.82056	71	2.75268	79
36	GASTON	159000	6.0	5889	23.0	15.2300	35	4.12112	29	3.46623	45
37	GATES	8600	95.0	5577	38.0	8.7651	95	1.85919	92	2.46593	90
38	GRAHAM	6700	96.0	4389	82.0	11.1769	75	2.51463	79	5.02418	13
39	GRANVILLE	33000	53.0	5067	58.0	10.7325	81	2.42173	82	3.01736	69
40	GREENE	14800	82.0	5808	29.0	11.7516	69	1.62649	97	3.45412	46
41	GUILFORD	305700	2.0	7427	3.0	20.7241	8	7.09179	3	4.16644	24
42	HALIFAX	55400	34.5	4421	81.0	10.8482	79	3.93870	32	3.43949	47
43	HARNETT	55400	34.5	4638	71.0	7.5926	98	3.17594	60	2.65431	82
44	HAYWOOD	44300	42.0	5599	37.0	14.2933	47	3.85948	36	3.15135	61
45	HENDERSON	50400	39.0	6272	8.0	15.8340	29	4.79284	15	9.45792	2
46	HERTFORD	24000	66.0	4850	63.5	12.3470	64	4.28533	24	3.40300	50
47	HOKE	19500	76.0	3848	97.0	10.0594	88	1.71677	96	2.18513	97
48	HYDE	5500	99.0	3901	95.0	16.8767	25	2.54927	76	3.00182	70
49	IREDELL	79500	21.0	5536	40.0	14.9005	41	4.34501	19	2.95447	72
50	JACKSON	25400	63.0	4511	79.0	16.7256	28	2.36413	84	3.23618	56
51	JOHNSTON	66700	25.0	5275	52.0	11.3526	73	3.89958	34	3.24030	55
52	JONES	9800	90.5	4260	88.0	14.2656	48	1.99510	91	2.22633	96
53	LEE	34500	50.0	5978	19.0	15.1145	36	6.52597	4	3.72765	37
54	LENOIR	59600	31.0	5618	36.0	13.1395	57	4.90884	14	4.49785	18
55	LINCOLN	38700	47.0	5640	33.0	12.1745	66	3.23274	56	3.58765	42

OBS	CTYNAME	POP77	RANKPOP	PCINC	RANKINC	TBPC	RANKTB	GRSPC	RANKGRS	INTPC	RANKINT
57	MADISON	17300	79.5	3943	94.0	7.3949	99	1.43884	99	2.1045	99
58	MARTIN	25200	64.0	5180	55.0	17.4464	21	3.70472	40	3.3613	52
59	MCDOWELL	34400	51.0	5478	43.0	13.9399	51	2.92904	68	3.1769	59
60	MECKLENBURG	392300	1.0	7739	1.0	21.4082	7	9.33216	1	5.9597	5
61	MITCHELL	14000	85.0	4811	66.0	14.9993	40	4.14550	28	5.3771	8
62	MONTGOMERY	19800	75.0	5692	32.0	18.3954	16	3.66727	41	2.2563	95
63	MOORE	43800	43.0	6181	10.0	19.7359	12	3.92080	33	9.1332	3
64	NASH	66400	26.0	5636	35.0	12.8508	61	5.60339	9	3.8869	33
65	NEW HANOVER	99300	13.0	6074	15.0	19.3878	13	5.87878	8	4.5630	16
66	NORTHAMPTON	23100	67.0	4194	91.0	10.1064	87	2.20333	87	2.6230	84
67	ONSLOW	116600	9.0	4925	62.0	7.0510	100	2.53132	77	1.7289	100
68	ORANGE	70900	23.0	5908	21.0	15.0986	37	3.21536	58	4.5620	17
69	PAMLICO	9400	92.0	4588	73.0	9.5940	90	1.80468	94	3.2703	53
70	PASCUOTANK	28200	60.0	5106	57.0	9.5548	91	4.98840	11	4.1407	26
71	PENDER	21300	71.0	4113	92.0	15.5488	33	2.08817	90	2.2826	94
72	PERQUIMANS	9300	93.0	4529	78.0	10.7389	80	2.93237	67	3.0903	65
73	PERSON	27000	62.0	5181	54.0	23.4357	5	3.19559	59	2.8363	75
74	PITT	80100	19.0	5428	45.0	15.7892	30	4.65367	16	4.0259	31
75	POLK	13000	86.0	6556	7.0	17.7562	20	2.33938	85	21.4540	1
76	RANDOLPH	85200	17.0	6168	11.0	14.0835	49	2.90770	69	3.2309	57
77	RICHMOND	41400	44.0	5306	49.0	8.8443	94	3.47708	48	3.2656	54
78	ROBESON	95100	14.0	4355	86.0	9.8045	89	3.22425	57	2.8322	76
79	ROCKINGHAM	78600	22.0	5902	22.0	17.1762	22	3.35897	53	3.6548	39
80	ROWAN	93100	15.0	5819	27.0	15.7059	31	3.52369	47	3.6429	40
81	RUTHERFORD	51500	38.0	5404	46.0	12.9597	60	3.14210	61	3.1234	63
82	SAMPSON	49600	40.0	4611	72.0	11.1645	76	3.09119	63	2.5539	87
83	SCOTLAND	30500	54.5	5279	51.0	15.0922	38	4.24541	26	3.8519	34
84	STANLY	45400	41.0	5936	20.0	14.4885	45	4.10941	30	3.4061	49
85	STOKES	29900	56.0	5977	60.0	29.0614	3	1.72264	95	2.3726	93
86	SURRY	56200	32.0	5693	31.0	13.3560	54	4.39943	17	3.6599	38
87	SWAIN	10400	89.0	4368	84.0	8.7470	96	2.98808	65	2.7487	80
88	TRANSYLVANIA	21700	70.0	5392	47.0	20.4587	9	2.85530	70	5.3149	9
89	TYRRELL	4000	100.0	4358	85.0	12.0742	67	2.51025	80	2.1563	98
90	UNION	64200	28.0	5836	26.0	15.4809	34	3.54486	46	3.2103	58
91	VANCE	33400	52.0	5501	42.0	10.9279	78	4.25650	25	5.5496	6
92	WAKE	279300	3.0	6993	5.0	16.7962	27	6.26049	5	4.3946	20
93	WARREN	17300	79.5	3757	99.0	10.2983	84	1.84890	93	3.1599	60
94	WASHINGTON	15500	81.0	4946	61.0	11.7113	70	3.62910	43	2.5912	85
95	WATAUGA	28900	58.0	4547	76.5	17.0213	23	4.30398	23	3.4202	48
96	WAYNE	91700	16.0	5556	39.0	14.0479	50	4.32628	21	2.7928	78
97	WILKES	55600	33.0	5637	34.0	10.4484	83	3.37743	52	3.8349	36
98	WILSON	61000	30.0	5997	17.0	14.6636	44	4.91456	12	4.0315	30
99	YADKIN	27500	61.0	5848	25.0	12.7384	62	2.93764	66	2.6275	83
100	YANCEY	14400	84.0	3799	98.0	13.2768	55	2.19056	88	3.1292	62

OBS	CTYNAME	METHOD1	RANKMET1	METHOD2	RANKMET2	METHOD3	RANKMET3	METHOD4	RANKMET4	METHOD5	RANKMET5	METHOD6	RANKMET6
1	ALAMANCE	1781984	12.0	1741186	11	1662005	11	1773667	11	1772615	11	1789327	11
2	ALEXANDER	405321	68.0	426082	76	560897	57	429183	70	452053	68	429328	70
3	ALLEGHANY	158914	94.0	200524	93	118724	96	171539	93	168949	94	195023	93
4	ANSON	433890	65.0	515632	65	495552	61	472753	65	481227	64	525856	60
5	ASHE	362468	73.0	453584	74	286355	77	391303	75	383458	77	426291	73
6	AVERY	260691	83.0	410239	79	257151	82	320156	81	311393	81	328674	82
7	BEAUFORT	696366	46.0	758437	46	583324	53	709890	46	691017	47	771498	46
8	BERTIE	374967	72.0	490514	69	445708	66	428260	71	434711	72	466749	68
9	BLADEN	526739	57.0	746037	47	638025	50	625587	52	624966	53	646006	53
10	BRUNSWICK	624944	49.0	841901	41	199708	89	669203	49	643646	50	687896	49
11	BUNCOMBE	2735470	7.0	2535940	7	2612406	8	2643352	7	2623299	7	2850632	6
12	BURKE	1174895	27.0	1126698	31	1066420	36	1144769	28	1159350	28	1138981	29
13	CABARRUS	1426444	20.0	1330269	23	1545722	16	1400902	21	1422198	18	1443529	20
14	CALDWELL	1094545	29.0	1042500	34	1139324	34	1078205	33	1094164	31	1072467	34
15	CAMDEN	107133	97.0	126739	99	114929	97	115755	98	121800	98	121190	99
16	CARTERET	651728	48.0	743405	48	482956	64	671521	48	651611	49	692592	48
17	CASWELL	357111	74.0	454816	73	461721	65	406654	72	441670	70	416451	76
18	CATAWBA	1819480	11.0	1587739	16	1267503	28	1671586	14	1635882	16	1635752	15
19	CHATHAM	544594	54.5	513753	66	427015	68	520500	60	518943	60	534495	59
20	CHEROKEE	314258	78.0	465550	72	551190	58	398468	73	397857	74	429001	71
21	CHOWAN	203553	87.0	228641	89	220263	87	215259	88	212673	88	227905	88
22	CLAY	101777	98.0	138541	98	152917	93	121596	97	122552	97	132485	97
23	CLEVELAND	1432015	18.0	1425447	20	1370205	21	1423207	20	1421379	20	1446181	19
24	COLUMBUS	921346	37.0	1215517	28	1385684	20	1085448	31	1083453	32	1116913	30
25	CRAVEN	1240961	24.0	1481500	18	1640732	14	1377154	22	1374158	22	1309873	23
26	CUMBERLAND	4310329	4.0	4682975	2	5436782	1	4572033	3	4624577	3	3912518	4
27	CURRITUCK	169269	88.0	230024	88	135333	95	200177	89	193707	91	216294	89
28	DARE	174984	90.5	186372	94	62576	100	168298	94	156928	95	185857	94
29	DAVIDSON	1839122	10.0	1727866	12	1546636	15	1765371	12	1771406	12	1758876	12
30	DAVIE	391057	69.0	405567	80	251000	83	382845	78	383390	78	396127	78
31	DUPLIN	723150	45.0	864219	40	838164	41	791079	44	788341	44	819594	44
32	DURHAM	2581912	8.0	2107838	10	2428113	10	2376903	9	2404195	9	2367142	8
33	EDGECOMBE	976699	36.0	963526	39	1216571	29	995417	38	1018437	36	1032390	37
34	FORSYTH	4122846	5.0	3067310	5	3179657	6	3606313	5	3591714	5	3532302	5
35	FRANKLIN	512454	59.0	641273	54	710729	49	583809	55	590851	54	620225	54
36	GASTON	2839032	6.0	2766026	6	2643206	7	2790247	6	2780911	6	2813218	7
37	GATES	153558	95.0	157979	95	248414	84	164812	95	177633	93	176487	95
38	GRAHAM	119632	96.0	156390	96	151771	94	137549	96	138829	96	149171	96
39	GRANVILLE	589233	53.0	667212	51	778478	46	639349	50	659270	48	647915	52
40	GREENE	264262	82.0	261057	85	318859	74	268440	84	290142	84	272045	85
41	GUILFORD	5458441	2.0	4216797	3	3734682	5	4789408	2	4705412	2	4732941	2
42	HALIFAX	989197	34.5	1283778	25	1292965	26	1137406	29	1122932	30	1203045	26
43	HARNETT	989197	34.5	1223713	27	1847359	12	1168820	27	1199901	26	1163659	27
44	HAYWOOD	791001	42.0	810576	43	784703	45	798201	42	796573	43	852889	41
45	HENDERSON	899920	39.0	823238	42	805890	42	859844	40	854639	40	977649	40
46	HERTFORD	428533	66.0	506956	67	492136	62	466263	66	459766	66	491783	65
47	HOKE	348183	76.0	519159	64	490791	63	430834	69	443234	69	425214	74
48	HYDE	98206	99.0	144440	97	82510	99	115130	99	112366	99	131961	98
49	IREDELL	1419516	21.0	1471200	19	1350830	22	1433321	19	1417815	21	1470509	18
50	JACKSON	453531	63.0	576848	59	384491	70	495954	61	495117	63	484995	66
51	JOHNSTON	1190965	25.0	1295401	24	1487523	19	1262395	24	1267128	24	1283728	24
52	JONES	174984	90.5	235235	87	173929	92	198979	90	201353	90	207068	92
53	LEE	616016	50.0	591240	58	577908	55	602295	54	590579	55	609305	55
54	LENOIR	1064191	31.0	1086839	33	1148423	33	1081673	32	1072927	33	1090374	32
55	LINCOLN	691010	47.0	702963	50	804814	43	707172	47	719037	46	706933	47
56	MACON	335484	77.0	412245	79	187238	90	351464	79	335708	80	400695	77

OBS	CTYNAME	METHOD1	RANKMET1	METHOD2	RANKMET2	METHOD3	RANKMET3	METHOD4	RANKMET4	METHOD5	RANKMET5	METHOD6	RANKMET6
57	MADISON	308901	79.5	449490	75	592309	52	393477	74	420248	73	428444	72
58	MARTIN	449960	64.0	498393	68	365703	71	460907	67	453173	67	478062	67
59	MCDOWELL	614231	51.0	643335	53	624788	51	626928	51	634961	51	654288	51
60	MECKLENBURG	7004732	1.0	5193190	1	4639519	2	6043594	1	5903458	1	5721315	1
61	MITCHELL	249978	85.0	298122	84	236315	86	267869	85	261699	65	301259	84
62	MONTGOMERY	353540	75.0	356370	82	272515	79	346569	80	343465	79	367006	80
63	MOORE	782073	43.0	725966	49	561892	56	737612	45	732229	45	805381	45
64	NASH	1185608	26.0	1206974	29	1308200	24	1206414	26	1192623	27	1238560	25
65	NEW HANOVER	1773056	13.0	1674847	14	1296747	25	1686142	13	1642644	14	1685957	14
66	NORTHAMPTON	412463	67.0	564267	61	578697	54	489808	63	499030	62	525701	62
67	ONSLOW	2081957	9.0	2425454	8	4186818	4	2429842	8	2557941	8	2000778	10
68	ORANGE	1265958	23.0	1229438	26	1188893	30	1243644	25	1257361	25	1098393	31
69	PAMLICO	167842	92.0	209896	91	248064	85	192686	91	202339	89	212427	90
70	PASCUOTANK	503526	60.0	565808	60	747245	48	552811	58	553389	56	578287	56
71	PENDER	380323	71.0	530544	63	346830	72	437062	68	437069	71	459164	69
72	PERQUIMANS	166057	93.0	210369	90	219260	88	189102	92	190134	92	207390	91
73	PERSON	482100	62.0	533889	62	291690	76	483774	64	474557	65	498118	64
74	PITT	1430229	19.0	1511797	17	1284423	27	1448276	18	1421591	19	1387089	22
75	POLK	232122	86.0	203145	92	185366	91	215855	87	224269	86	265218	86
76	RANDOLPH	1521293	17.0	1415129	21	1531670	17	1479865	17	1517544	17	1486671	17
77	RICHMOND	739220	44.0	799344	44	1185139	31	807861	41	828879	41	837394	42
78	ROBESON	1698063	14.0	2237140	9	2455786	9	1989466	10	1991828	10	2036339	9
79	ROCKINGHAM	1403446	22.0	1364345	22	1158590	32	1363320	23	1366758	23	1419584	21
80	ROWAN	1662352	15.0	1639087	15	1500803	16	1636891	16	1640544	15	1713278	13
81	RUTHERFORD	919561	38.0	976321	38	1006117	40	950920	39	960990	39	1023407	39
82	SAMPSON	885635	40.0	1102014	32	1124806	35	996104	37	998332	38	1030809	38
83	SCOTLAND	544594	54.5	591901	57	511660	60	560223	57	551774	57	556433	57
84	STANLY	810642	41.0	783543	45	793352	44	798073	43	798074	42	819624	43
85	STOKES	533881	56.0	615466	56	260489	81	539176	59	551435	58	552852	58
86	SURRY	1003462	32.0	1011337	36	1065355	37	1012811	36	1009679	37	1049852	35
87	SWAIN	185698	89.0	243922	86	301029	75	220521	86	223368	87	235307	87
88	TRANSYLVANIA	387465	70.0	412297	77	268545	80	385506	77	384317	76	385429	79
89	TYRRELL	71422	100.0	94032	100	83876	98	81711	100	82082	100	91959	100
90	UNION	1146326	28.0	1126991	30	1049959	39	1128955	30	1132175	29	1142279	28
91	VANCE	596375	52.0	622022	55	773827	47	624379	53	628346	52	664159	50
92	WAKE	4967055	3.0	4091741	4	4210115	3	4551235	4	4508794	4	4241326	3
93	WARREN	308901	79.5	471743	71	425321	69	385680	76	392536	75	418595	75
94	WASHINGTON	276761	81.0	321054	83	335091	73	300311	83	299917	83	303746	83
95	WATAUGA	516025	58.0	651139	52	429872	67	561455	56	541349	59	525775	61
96	WAYNE	1637354	16.0	1690861	13	1652700	13	1660291	15	1648065	13	1609759	16
97	WILKES	992769	33.0	1010479	37	1347288	23	1035305	35	1059269	34	1045831	36
98	WILSON	1089188	30.0	1042069	35	1053232	38	1066745	34	1058665	35	1080122	33
99	YADKIN	491028	61.0	481755	70	546580	59	492874	62	504809	61	515344	63
00	YANCEY	257120	84.0	388324	81	274603	78	311350	82	309267	82	334420	81

Method 7 = \$250,000 Per County + 25% (Elderly + School-Age Population) + 35% Income + 15% Property

OBS	CTYNAME	METHOD2	RANKMET2
1	ALAMANCE	1579855	11
2	ALEXANDER	586797	71
3	ALLEGHANY	383031	94
4	ANSON	530964	62
5	ASHE	550689	76
6	AVERY	500196	81
7	BEAUFORT	796390	46
8	BERTIE	595407	69
9	BLADEN	746446	51
10	BRUNSWICK	744687	52
11	BUNCOMBE	2249092	7
12	BURKE	1097649	31
13	CABARRUS	1310369	20
14	CALDWELL	1069224	33
15	CAMDEN	340338	99
16	CARTERET	752193	48
17	CASWELL	572487	74
18	CATAWBA	1442261	16
19	CHATHAM	634403	61
20	CHEROKEE	592549	72
21	CHOWAN	416766	88
22	CLAY	349579	97
23	CLEVELAND	1328099	19
24	COLUMBUS	1128903	28
25	CRAVEN	1310219	21
26	CUMBERLAND	3584877	3
27	CURRITUCK	403283	91
28	DARE	372806	95
29	DAVIDSON	1544401	12
30	DAVIE	531277	78
31	DUPLIN	868303	42
32	DURHAM	1986419	9
33	EDGECOMBE	1037098	36
34	FORSYTH	2797695	5
35	FRANKLIN	717551	54
36	GASTON	2344026	6
37	GATES	363549	93
38	GRAHAM	360968	96
39	GRANVILLE	750457	49
40	GREENE	458840	84
41	GUILFORD	3629847	2
42	HALIFAX	1165851	27
43	HARNETT	1199154	25
44	HAYWOOD	858048	43
45	HENDERSON	912792	40
46	HERTFORD	617764	64
47	HOKE	597004	68
48	HYDE	343072	98
49	IREDELL	1331836	18
50	JACKSON	613785	65
51	JOHNSTON	1229885	24
52	JONES	404969	90
53	LEE	701444	55
54	LENOIR	1073786	32
55	LINCOLN	78[illegible]15	47
57	MADISON	578771	73
58	MARTIN	599046	67
59	MCDOWELL	731088	53
60	MECKLENBURG	4443074	1
61	MITCHELL	458403	85
62	MONTGOMERY	509475	80
63	MOORE	803972	45
64	NASH	1179086	26
65	NEW HANOVER	1479658	14
66	NORTHAMPTON	649699	59
67	ONSLOW	2094573	8
68	ORANGE	1107567	29
69	PAMLICO	407995	89
70	PASQUOTANK	694249	56
71	PENDER	590008	70
72	PERQUIMANS	401717	92
73	PERSON	604572	66
74	PITT	1303872	22
75	POLK	418346	87
76	RANDOLPH	1356330	17
77	RICHMOND	904704	41
78	ROBESON	1977041	10
79	ROCKINGHAM	1267456	23
80	ROWAN	1468703	15
81	RUTHERFORD	992748	39
82	SAMPSON	1035175	37
83	SCOTLAND	676013	57
84	STANLY	847000	44
85	STOKES	643222	60
86	SURRY	1021605	38
87	SWAIN	431119	86
88	TRANSYLVANIA	532073	77
89	TYRRELL	315663	100
90	UNION	1103972	30
91	VANCE	749121	50
92	WAKE	3471375	4
93	WARREN	564394	75
94	WASHINGTON	486172	83
95	WATAUGA	651106	58
96	WAYNE	1492762	13
97	WILKES	1056934	34
98	WILSON	1054223	35
99	YADKIN	626294	63
100	YANCEY	496518	82

ATTACHMENT X
January 29, 1980

Fiscal Research Division
January 23, 1980

COMPARISON OF NORTH CAROLINA'S AMOUNT OF REVENUE-SHARING TO LOCAL GOVERNMENT WITH OTHER STATES

The purpose of this discussion is to put North Carolina's state-local fiscal relationship in perspective by analyzing why many other states have a larger amount of general-purpose state aid to local government.

I. Listing of high tax-sharing states

The amount of general-support state aid to local government for states with large amounts of this type of aid is shown below. The amount of aid is divided by personal income in order to adjust for the size of the state and differences in per capita personal income. One would expect per capita aid to be higher in states with higher fiscal capacity, all other things being equal.

State	Amount of General Support State Aid To Local Government: Per $1,000 of Personal Income	Amount of General Support State Aid To Local Government: As a Percent of All State Aid To Local Government
Wisconsin	21.34%	34.7%
Arizona	10.49	20.8
Minnesota	10.25	16.2
Wyoming	10.18	26.3
New Mexico	9.94	17.4
Indiana	8.51	23.5
Nebraska	7.77	25.6
Louisiana	7.69	18.2
New York	7.59	10.3
Michigan	6.66	16.6
Mississippi	6.41	12.8
California	6.25	13.1
New Hampshire	5.45	31.8
Iowa	5.15	11.4
Ohio	5.10	15.7
Idaho	4.03	12.1
New Jersey	4.02	11.7
Florida	3.96	11.1
North Dakota	3.68	9.2
South Carolina	3.39	9.4
Nevada	3.02	10.0
Connecticut	2.44	11.5
NORTH CAROLINA	2.44	4.4

Reason 1 - Higher state tax burden

It seems reasonable that if a state's tax burden on its citizens and its businesses is higher, it will have a higher level of overall expenditures, and to the extent that the state does not takeover locally-provided services, more state aid funds will be forthcoming (categorical grants or revenue-sharing.) The states that have a higher state tax burden include:

State	State Tax Collections Per $1,000 of Personal Income
Minnesota	87.77%
Nex Mexico	85.80
Wisconsin	85.28
Mississippi	80.62
New York	79.52
Arizona	77.63
Wyoming	75.82
Louisiana	74.14
NORTH CAROLINA	72.73

Reason 2 - Higher dependence on personal income tax

A state that places high reliance on the personal income tax for its revenue will be in a better position to provide local aid, as well as other expenditures, because this tax is a very elastic source of revenue. As the state's economy grows, overall state tax collections rise at a much faster rate than in other states and the state is more likely to have a large general fund surplus in times of economic expansion. The same characteristic is true of the corporate income tax due to the effect of inflation on corporate profits (resulting from a lack of adjustment to inventories.) Some states that fit into this category include:

State	Personal Income Tax Collections as a Percent of Total State Tax Collections	Corporate Income Tax Collections as a Percent of Total State Tax Collections	Combined
Wisconsin	42.2%	9.2%	51.4%
New York	41.2	12.3	53.5
Minnesota	38.9	10.6	49.5
Iowa	35.0	7.8	42.8
Michigan	31.8	16.7	48.5
California	30.8	13.8	44.6
NORTH CAROLINA	32.5	8.8	41.3

Reason 3 - Unique revene sources

Some states are fortunate to have a natural resource base that can be tapped for tax revenue. Examples include:

State	Severance Tax Revenue Per $1,000 of Personal Income	Severance Tax Revenue as a % of Total State Tax Collections
Wyoming	21.5%	22.8%
New Mexico	20.9	19.2
Louisiana	20.6	24.1
Mississippi	2.3	2.5
Minnesota	2.2	2.2
Florida	1.7	2.5
NORTH CAROLINA	0	0

Reason 4 - Unusual Circumstances

I excluded Alaska and Hawaii because of their peculiar situations. Hawaii has a very low amount of total state aid, but 60% of it is in the form of revenue-sharing funds. Also, Hawaii's public schools are practically all state-supported. Alaska has a per capita income almost double that of North Carolina. Thus, the high per capita amount of revenue-sharing ($77.06) can be reduced considerably by adjusting for the much-higher cost of living.

Reason 5 - Different Allocation of Fiscal Responsibility

The major factor affecting the amount of general purpose aid a state provides to its local government units is the division of funtional and fiscal responsibility between the state and its local units. In North Carolina the state provides and/or fund many types of servies that are the responsibility of local government in other states.

Percentage of Total State and Local Expenditures
Funded by Local Government
(After Including State Categorical Aid)

State	All Functions	Highways	Public Welfare	Health Hospitals	Local Schools
Florida	47.2%	19.5%	9.5%	59.1%	35.5%
Ohio	46.0	15.6	17.6	51.7	57.9
Nevada	45.2	19.5	18.3	71.8	41.8
Nebraska	44.5	24.9	6.4	50.3	78.1
New York	42.8	53.2	16.7	54.3	46.7
New Hampshire	42.0	25.7	28.4	15.8	82.1
California	41.6	28.4	0	69.7	48.3
Arizona	40.5	15.5	11.7	55.5	40.1
Connecticut	40.2	29.9	4.1	16.0	65.0
Michigan	39.7	18.4	0	55.4	54.6
Indiana	37.7	10.7	17.7	58.7	56.0
Wyoming	37.1	7.5	3.7	67.3	59.8
Iowa	35.5	21.8	8.6	48.8	41.2
Minnesota	34.2	37.7	19.5	54.1	27.8
Wisconsin	33.5	47.1	7.1	60.1	54.2
Louisiana	30.7	19.8	0	45.5	34.4
Idaho	30.0	15.4	4.1	49.6	38.6
New Mexico	24.2	16.1	0	29.5	27.4
South Carolina	23.8	0	0	41.8	35.7
Mississippi	15.3	24.1	0	65.2	18.6
NORTH CAROLINA	26.9	11.7	0	36.5	21.1

Several conclusions can be gained from looking at these data:

(1) There is a dramatic difference in the division of funding responsibility for public functions in North Carolina compared to other states.

(2) The roughly comparable states (Mississippi, South Carolina, New Mexico) in this list in terms of functional responsibility are also low-income states.

(3) The states that have the largest revenue-sharing aid programs (Wisconsin, New York, Arizona, Indiana, Michigan, Minnesota, Nebraska) are the states in which local government units shoulder the largest level of funding responsibility.

(4) North Carolina's relatively low amount of state revenue-sharing participation is due in large part to the fact that many of the big-expenditure items that are funded largely by local government units in other states, are funded by the State in North Carolina (either through state responsibility or state categorical assistance). Thus it could be argued that there is little revenue-sharing at the present time in North Carolina because the State shoulders more of the fiscal and operational responsibility of many governmental functions than is true in almost all other states.

POSSIBLE GUIDELINES FOR STATE REVENUE SHARING

1. The General Assembly might prefer a "sum-certain" direct appropriation instead of earmarking tax revenues because:
   a. The Legislature directly controls the cost.
   b. It is reviewed annually along with other budget items and can be adjusted to fit priorities and revenue fluctuations.
   c. It is easier to target aid and to have a greater impact with the same amount of funds.

2. There should be incentives to local governments to hold down costs.

3. Aid to counties and aid to municipalities should be considered as separate issues because of their differing needs and responsibilities.

4. A number of categorical programs have funds that are purportedly distributed on the basis of ability-to-pay. If the State adopts some form of General Revenue Sharing, General Revenue Sharing should become the single mechanism to adjust for imbalances in local fiscal capabilities.

5. If General Revenue Sharing is adopted, all categorical program formulas should drop ability-to-pay factors. The distribution decisions on categorical aid should then center on the best measures of need that also provide incentives for efficiency and sound management.

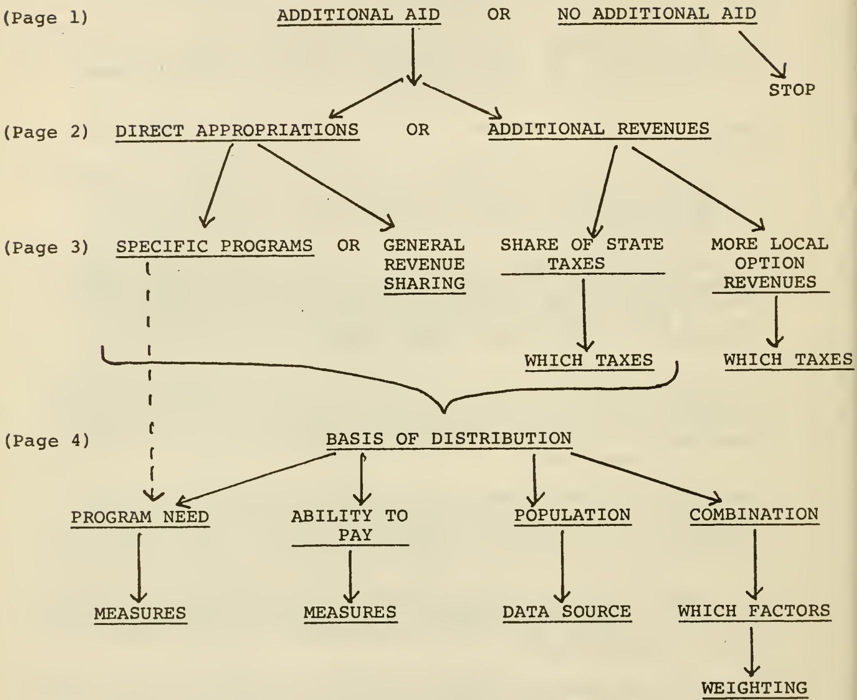
6. The General Assembly should more clearly define the factors, measures of need, or even the formulas themselves which are to be used to distribute categorical funds. In general, the statutes do not currently spell out categorical aid formulas.

7. One specific goal of State revenue sharing should be to improve the administration and equity of the property tax, and a second goal is to reduce the relative dependence of local governments on the property tax.

8. The State is generally a more efficient collector of taxes than a multitude of local governments. Any revenues that can be collected at the State level are preferable to taxes requiring additional local administration.

FRD
3/26/80

STATE REVENUE SHARING STUDY COMMITTEE
DECISION OPTIONS



B

ADDITIONAL AID	OR	NO ADDITIONAL AID
1. Local revenues have not grown as rapidly as state revenues.		1. The State has always assumed many traditionally local functions (roads, schools, court system).
2. County commissioners have cited rapid increases in costs of schools, medicaid, and social services; many were mandated by federal and State government.		2. The State has passed several major bond issues which are direct grants to local governments. Debt service on these issues is continuing. Most of the State's General Fund indebtedness is for local government aid (schools, clean water).
3. Inflation forces local governments to increase tax rates to fund increases in services costs because the real property tax base is revalued only every eight years.		3. The 1980 Session will probably consider a $600 million school bond issue costing $45-60 million annually in State debt service However, this is categorical aid.
4. The State income tax is less regressive than the property tax.		
5. Some programs funded by local revenues generate benefits to the State as a whole (education).		

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3/26/80

ADDITIONAL AID

DIRECT APPROPRIATIONS

1. Has to be reviewed and acted on each year by General Assembly.

2. Amount is specific and directly controlled by the General Assembly.

3. Spending can be directed into specific Statewide priorities if General Assembly wishes to do so.

4. Would not be automatically reduced in a period of declining revenues but would require General Assembly budget action.

OR

ADDITIONAL REVENUES

1. Local governments do not have to lobby for new appropriations each year.

2. If additional revenues come from shared State taxes, the revenue will probably grow with the economy and inflation and help local governments combat the inflationary cost of services.

3. Permits greatest amount of local government flexibility in expenditures.

4. Less time must be spent each Session determining the amount of aid to appropriate.

5. If State-shared revenues grow substantially, local governments might receive substantial pressure to continue expansion of local services beyond the level that would be desired if funding was entirely from local taxes.

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DIRECT APPROPRIATIONS

SPECIFIC PROGRAMS

Allows State to target money to specific needs that are Statewide priorities.

This type of funding is more likely to assure that certain services will be available in every county, not just the counties that choose to fund them.

GENERAL REVENUE SHARING

1. Allows local governments flexibility and autonomy in spending decisions.
2. Providing additional aid to local governments' general funds insures that localgovernments still have incentives to hold down costs in joint State-county programs, because elected officials still must make priority decisions.

ADDITIONAL REVENUES

SHARE OF STATE TAXES

Makes equity adjustments for local governments with inflexible tax bases and citizens who are unable to financially support basic services.

Allows the State to collect taxes more efficiently and then to distribute the funds to local governments.

The State tax structure is probably more equitable than any specific local option tax.

Examples of State Tax Shares

Based on 1980-81 Forecast:

Personal Income Tax
Total: $1,215.2 million
Each 1%: $12.2 million

3% Sales Tax
Total: $775.2 million
Each 1%: $7.75 million

Alcoholic Beverage Taxes Retained by State
Total: $94.6 million

MORE LOCAL OPTION REVENUES

1. Allows local governments needing additional revenue to levy the taxes necessary.
2. Ties local governments' spending decisions to tax-raising decisions.
3. Provides accountability by levying taxes at the local level where expenditures occur.

BASIS OF DISTRIBUTION

PROGRAM NEED

1. Allows funds to be used effectively by targeting aid aimed at specific problems directly to the areas with the most serious problems.

2. If aid is provided in several program areas, allows treatment of each local government unit separately based on need within each category.

3. Can take into account special needs of areas who serve large non-resident populations or have special problems.

POPULATION

1. Targets aid directly to areas with most people; therefore favors larger local governments, who are more likely able to fund programs locally.

2. Probably comes closer to returning revenue to geographical source of income.

3. Used in some cases as a measure of general need.

ABILITY-TO-PAY

1. Gives local governments whose citizens can least afford to finance local services some additional funds.

2. A majority of county commissioners preferred some consideration be given to ability-to-pay factors.

3. Probably would reduce the impact of a declining population in depressed areas.

4. Would still be weighted by population, so that largest counties, while wealthier, still receive majority of funds.

FLAT AMOUNT PER LOCAL UNIT

1. Recognizes that each county must provide certain basic services regardless of size or ability-to-pay, and that the amount of all services provided does not increase proportionally with the county's population.

2. Would aid counties with populations lower than Statewide average.

COMBINATION

1. Would allow some adjustments for ability-to-pay or basic service costs while still giving most funds to larger counties.

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OPTION FOR STATE-LOCAL
AID PACKAGE

1. Property Tax Administration

Currently the State provides $75,000 annually in grants to counties to improve land records management. For 1979-80, $150,000 was provided to the State Treasurer's Office to conduct a sales price-assessed value ratio study across the State.

The General Assembly could:

(a) Increase the grants for land records management.
(b) Provide specific grant funds for property tax administration through the Department of Revenue.

2. Restructure Aid to Counties

Currently the State is providing specific aid to counties under an AFDC Equalization Fund which purportedly is based on ability-to-pay, and funds distributed on a per capita basis for health and social services administration. In addition, the Governor has proposed aid to those counties whose costs increased because of the 1978 switch in the nursing home-rest home State reimbursement rates.

The General Assembly could:

(a) Combine these three categorical funds into an overall aid-to-counties program which would be distributed on population and ability-to-pay.
(b) Add additional funds that would aid the transition from State to local funding of the employers' share of basic benefits from the Law Enforcement Officers Benefit and Retirement Funds (LEOBRF).
(c) These actions would provide a basis for a State-county revenue sharing program that would be comprehensive and ongoing.

3. Restructure Powell Bill Aid to Municipalities

Municipalities currently receive 1¢ of the State gasoline tax for street improvements and maintenance. This amount is projected to decrease with the Highway Fund. In addition, many municipalities have expressed the need for greater flexibility in the use of these funds for other transportation purposes.

The General Assembly could:

(a) Fund 50% of the budgeted Powell Bill funds from the General Fund, which would prevent the loss of funds

G

to municipalities and would allow this portion of the gasoline tax to go toward the State Highway Fund deficit.

(b) Add additional funds that would aid the transition from State to local funding of the employers' share of basic benefits from the Law Enforcement Officers Benefit and Retirement Fund (LEOBRF).

(c) Allow municipalities to use this General Fund money for "Transportation and Law Enforcement Purposes," including public transportation.

(d) Continue the Powell Bill aid at ½¢ of the gasoline tax, with the possibility of sharing in any new Highway Fund revenue proposals.

RESTRUCTURE AID TO COUNTIES

Current Aid: (a) $2,248,736 AFDC Equalization Fund distributed by a formula set by the Social Services Commission

(b) $3,000,000 Aid to health and social services administration funded by 1979 Session of the General Assembly, distributed on the basis of population.

Total Current Aid: (a) + (b) $5,248,736

Additional Aid Currently Proposed

(c) $5,026,012 Governor Hunt has proposed a one-time reimbursement to those counties adversely affected by the 1978 switch in nursing home-rest home reimbursement rates. This money would go only to those counties showing a loss.

Total (a) + (b) + (c) $10,274,748

Approximate Annual Cost Counties LEOBRF Funding: (d) $875,650

Total (a) + (b) + (c) + (d) $11,150,398

PROPOSAL

(1) The General Assembly increase the current aid of $5.25 million by $5.9 million.

(2) The total amount of $11.15 million would be distributed to counties based on 75% population and 25% ability-to-pay weighted by population.

(3) The measure of ability-to-pay would be per capita income because current data on property tax bases is inadequate and inconsistent.

(4) This would provide:

- (a) State-county revenue sharing on a systematic comprehensive basis
- (b) Adjustment for some differences in local fiscal capacities
- (c) Flexibility to county commissioners while still providing incentives to be cost-effective in program expenditures.

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Distribution Headings

AFDC-EQ	AFDC Equalizing Formula.
AID	$3 million Aid to counties based on population for administration public health and social services.
GOVERN	Governor's proposal to aid counties for previous overrun costs for Nursing Homes and Rest Homes.
LEORB	Employers share of funding for Law Enforcement Officers Retirement Benefits.
Method 1	Proposed distribution of AFDC-EQ + AID + GOVERN + LEORB monies on a 75% population + 25% income basis.
Population	Ranking counties on basis of 1977 population.
Method 2	Ranking of Method 1 (Ranking of actual current distribution of AFDC-EQ + AID monies to counties.)
Method 3	Ranking of distribution of AFDC-EQ + AID + GOVERN monies to counties on basis 75% population + 25% per capita income.

	+ AID		Method 1		Population	Method 2	Method 3
ALAMANCE	52500	0.52605	197561	1.97957	12.0	32.0	12
ALEXANDER	13497	0.59458	45774	2.01646	68.0	76.0	69
ALLEGHANY	9083	1.02056	16879	2.12129	94.0	89.0	94
ANSON	20847	0.85790	50659	2.08474	65.0	66.0	65
ASHE	11632	0.57300	42957	2.11609	73.0	81.0	74
AVERY	6100	0.55479	33237	2.27650	83.0	93.0	81
BEAUFORT	51018	1.30815	79378	2.03533	46.0	34.0	46
BERTIE	42312	2.01486	45031	2.14435	72.0	40.0	70
BLADEN	63118	2.13959	64847	2.19619	57.0	24.0	54
BRUNSWICK	19500	0.55714	75732	2.16376	49.0	67.0	48
BUNCOMBE	80700	0.52676	299454	1.95466	7.0	16.0	7
BURKE	34800	0.52888	129662	1.97055	27.0	44.0	27
CABARRUS	62523	0.78154	156540	1.95676	20.0	25.0	21
CALDWELL	32400	0.52855	120595	1.96730	29.0	46.0	29
CAMDEN	6353	1.39217	12492	2.08205	97.0	91.0	97
CARTERET	32738	0.89693	75226	2.06098	48.0	45.0	49
CASWELL	40117	2.00585	42543	2.12715	74.0	42.0	75
CATAWBA	54900	0.53876	196419	1.92757	11.0	29.0	13
CHATHAM	16200	0.53115	59865	1.96278	54.5	71.0	59
CHEROKEE	10506	0.59693	39258	2.23059	78.0	82.0	78
CHOWAN	13945	1.22325	23396	2.05231	87.0	73.0	87
CLAY	4347	0.76263	12373	2.17076	98.0	99.0	98
CLEVELAND	92615	1.15480	159492	1.98668	18.0	12.0	20
COLUMBUS	46366	0.89857	110934	2.14969	37.0	36.0	36
CRAVEN	99071	1.42548	145077	2.08744	24.0	11.0	23
CUMBERLAND	370452	1.53460	491007	2.03400	4.0	1.0	4
CURRITUCK	5700	0.53774	22240	2.09814	88.0	97.0	89
DARE	5400	0.55102	19829	2.02336	90.5	98.0	92
DAVIDSON	66774	0.64629	201968	1.96085	10.0	22.0	11
DAVIE	13733	0.62708	44007	2.00946	69.0	75.0	71
DUPLIN	56793	1.40230	84567	2.08806	45.0	27.0	44
DURHAM	162409	1.26147	274678	1.89857	8.0	6.0	8
EDGECOMBE	91562	1.67389	106539	1.98425	36.0	13.0	37
FORSYTH	202234	0.87585	430290	1.86353	5.0	5.0	5
FRANKLIN	42210	1.47073	60732	2.11609	59.0	41.0	58
GASTON	131059	0.82427	314528	1.97617	6.0	10.0	6
GATES	9445	1.09826	17246	2.00529	95.0	87.0	95
GRAHAM	3600	0.53731	14364	2.14390	96.0	100.0	96
GRANVILLE	25393	0.76948	67876	2.05684	53.0	58.0	52
GREENE	30330	2.04932	29377	1.98493	82.0	51.0	84
GUILFORD	342360	1.11999	574026	1.87774	2.0	2.0	2
HALIFAX	155611	2.80866	116511	2.13919	34.5	8.0	32
HARNETT	66637	1.20283	116837	2.10697	34.5	23.0	33
HAYWOOD	23400	0.52822	88745	2.00328	42.0	63.0	42
HENDERSON	27300	0.54167	98207	1.94855	39.0	56.0	40
HERTFORD	12600	0.52500	49969	2.08205	66.0	78.0	67
HOKE	24664	1.26482	43590	2.23538	76.0	59.0	73
HYDE	7567	1.37582	12239	2.22536	99.0	94.0	99
IREDELL	71322	0.89713	159722	2.00909	21.0	19.0	19
JACKSON	13800	0.54331	54008	2.12630	63.0	74.0	63
JOHNSTON	69972	1.04906	135709	2.03461	25.0	21.0	25
JONES	22646	2.31102	21191	2.16235	90.5	64.0	90
LEE	16600	0.53913	67998	1.97095	50.0	68.0	51
LENOIR	71269	1.19612	119293	2.00156	31.0	20.0	31
LINCOLN	21000	0.54264	77384	1.99957	47.0	65.0	47
MACON	10500	0.55851	39564	2.10449	77.0	83.5	76

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	AFDCEQ + AID		Method 1		Population	Method 2	Method 3
MADISON	26901	1.55497	38363	2.21750	79.5	57.0	80
MARTIN	13200	0.52381	51522	2.04454	64.0	77.0	64
MCDOWELL	24354	0.70797	69300	2.01455	51.0	60.0	~~50~~
MECKLENBURG	290605	0.74077	730557	1.86224	1.0	3.0	1
MITCHELL	8336	0.59543	29216	2.06683	85.0	92.0	95
MONTGOMERY	10500	0.53030	39506	1.99495	75.0	83.5	~~77~~
MOORE	23700	0.54110	65640	1.95526	43.0	62.0	43
NASH	83594	1.25895	132796	1.99993	26.0	15.0	26
NEW HANOVER	54000	0.54381	194965	1.96340	13.0	31.0	~~14~~
NORTHAMPTON	79604	3.44606	50223	2.17415	67.0	17.0	66
ONSLOW	74066	0.63521	241722	2.07309	9.0	18.0	9
ORANGE	39300	0.55430	140141	1.97661	23.0	43.0	~~24~~
PAMLICO	11898	1.26574	19887	2.11568	92.0	79.0	91
PASQUOTANK	29547	1.04777	57881	2.05253	60.0	54.0	60
PENDER	32195	1.51150	46595	2.18756	71.0	47.0	~~68~~
PERQUIMANS	9633	1.03581	19751	2.12379	93.0	86.0	93
PERSON	30983	1.14752	55200	2.04443	62.0	49.0	61
PITT	85753	1.07057	161750	2.01935	19.0	14.0	~~18~~
POLK	10095	0.77654	25075	1.92883	86.0	85.0	86
RANDOLPH	46797	0.54926	166671	1.95623	17.0	35.0	17
RICHMOND	30574	0.73850	84102	2.03145	44.0	50.0	~~45~~
ROBESON	218817	2.30091	204368	2.14896	14.0	4.0	10
ROCKINGHAM	45627	0.58050	155400	1.97710	22.0	38.0	22
ROWAN	52497	0.56388	184710	1.96400	15.0	33.0	~~15~~
RUTHERFORD	9033	0.17540	104117	2.02169	38.0	90.0	39
SAMPSON	59233	1.19421	104784	2.11257	40.0	26.0	38
SCOTLAND	56196	1.84249	62043	2.03420	54.5	28.0	~~55~~
STANLY	24000	0.52863	89634	1.97433	41.0	61.0	41
STOKES	16500	0.55184	61804	2.06703	56.0	70.0	56
SURRY	30000	0.53381	112111	1.99486	32.0	52.5	~~34~~
SWAIN	7391	0.71067	22329	2.14703	89.0	95.0	88
TRANSYLVANIA	11700	0.53917	43896	2.02286	70.0	80.0	72
TYRRELL	7199	1.79975	6594	2.14653	100.0	96.0	~~100~~
UNION	44193	0.68836	127281	1.98257	28.0	39.0	29
VANCE	54645	1.64207	67213	2.01237	52.0	30.0	53
WAKE	158700	0.56821	531119	1.90161	3.0	7.0	~~3~~
WARREN	46105	2.66503	38983	2.25336	79.5	37.0	79
WASHINGTON	27875	1.79839	32095	2.07062	81.0	55.0	83
WATAUGA	15900	0.55017	61305	2.12129	58.0	72.0	~~57~~
WAYNE	139986	1.52656	184063	2.00723	16.0	9.0	16
WILKES	30000	0.53957	111191	1.99964	33.0	52.5	35
WILSON	32100	0.52623	120135	1.96943	30.0	48.0	~~30~~
YADKIN	18303	0.66556	54493	1.98157	61.0	69.0	62
YANCEY	9329	0.64785	32327	2.24495	84.0	88.0	82

RESTRUCTURE POWELL BILL AID TO MUNICIPALITIES

Proposal

1. Reduce the local government share of monies from from the 1¢ (one cent) per gallon gasoline tax under the Powell Bill to ½¢ (one-half cent)

2. Appropriate General Fund monies to be distributed to local governments solely on the basis of population.

3. Allow local governments to use these monies for transportation and law enforcement activities

4. Allocate the remaining ½¢ of Powell Bill monies to the Highway Fund

5. Change the distribution formula of the ½¢ Powell Bill monies from 75% population, 25% street mileage to 50% population, 50% street mileage

Benefits of Proposal

I. Increase aid to local governments (10.21% increase)

   A. Increase purposes for which local governments could use these monies

      1. Currently limited to road and bikeway construction, maintenance and repair
      2. Proposed purposes include law enforcement and general transportation (including public transportation)
      3. Offset decline in revenues local governments would experience under present system due to decline in Highway Fund revenues

   B. Aid local governments in offsetting transition costs in picking up contributions for law enforcement officer benefits (formerly state funded)

II. Provide relief to the Highway Fund which is experiencing a decline in revenue.

Distribution of Aid to Municipalities

Present Method

Powell Bill estimate 1980-81 (based on estimate of 1¢ per gallon)	$32,850,000
less 1% retainage	(328,500)
plus 1979 % retainage	346,658
amount to be distributed 1980	$32,868,158
Powell Bill Appropriation 1980-81	$35,238,000

Distribution to municipalities (see Column E)

75% population

25% street mileage

Additional Aid 80-81	$3,355,389

Proposed Method

Powell Bill Appropriation (based on estimates of ½¢ per gallon)	$16,425,000
less 1% retainage	(164,250)
plus 1979 1% retainage	346,658
plus General Fund Appropriation (amount to be determined in Budget process; proposed 1980 appropriation equal to 50% of present budgeted distribution	17,616,139
plus General Fund appropriation to offset local pick up of law enforcement officers' benefits	2,000,000
amount to be distributed 1980	$36,223,547

Distribution to municipalities (see Column D)

General Fund appropriation
100% population

Powell Bill appropriation
50% population
50% street mileage

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Distribution Impact
(Based on July 1, 1978 population)

	A	B	C	D	E	F
	1978 POPULATION	GENERAL FUND TRANS. & LAW ENF. $	½¢ POWELL BILL TRANSPORT $	TOTAL PROPOSED DISTRIBUTION (COL. B&C)	1¢ POWELL BILL FUNDS 3/4¢ POP. & ¼¢ MILEAGE	% INCREASE
EAST						
BEAUFORT	3,710	$ 27,655	$ 22,251	$ 49,906	$ 45,189	10.4
CAROLINA BEACH	2,100	15,654	23,144	38,798	36,018	7.7
ELIZABETH CITY	14,950	111,442	81,863	193,305	174,375	10.9
FAYETTEVILLE	63,000	469,621	370,388	840,009	759,976	10.5
GREENVILLE	34,550	257,546	193,700	451,246	407,453	10.7
KENANSVILLE	880	6,560	8,730	15,290	14,134	8.2
KINSTON	27,600	205,739	152,758	358,497	323,534	10.8
LUMBERTON	20,070	149,608	130,012	279,620	253,998	10.1
MANTEO	1,280	9,541	6,748	16,289	14,673	11.0
ROCKY MOUNT	43,920	327,393	264,310	591,703	535,918	10.4
WILMINGTON	52,840	393,885	284,046	677,931	611,150	10.9
WEST						
ASHEVILLE	60,860	453,669	433,081	866,750	808,790	7.2
BOONE	11,480	85,575	61,897	147,472	132,962	10.9
FRANKLIN	2,880	21,468	25,515	46,983	43,245	8.6
HENDERSONVILLE	7,980	59,485	60,654	120,139	109,879	9.3
HICKORY	22,280	166,082	152,704	318,786	290,303	9.8
LENOIR	16,870	125,754	112,065	237,819	216,288	10.0
MARSHALL	1,090	8,125	8,107	16,232	14,833	9.2
MT. AIRY	8,150	60,753	51,466	112,219	101,843	10.2
SYLVA	1,650	12,300	12,007	24,307	22,190	9.5
WAYNESVILLE	7,400	55,162	55,872	111,034	101,522	9.4
PIEDMONT						
ALBEMARLE	12,590	93,850	90,898	184,748	168,608	9.6
ASHEBORO	16,750	124,860	98,191	223,051	201.801	10.5
BURLINGTON	37,690	280,953	240,991	521,944	473,932	10.1
CHARLOTTE	338,250	2,521,417	1,848,323	4,369,740	3,941,951	10.9
CONCORD	19,210	143,197	118,678	261,875	237,445	10.3
DURHAM	107,190	799,026	565,153	1,364,179	1,228,818	11.0
GASTONIA	50,170	373,982	301.862	675,844	612,121	10.4
GREENSBORO	160,000	1,192,688	951,897	2,144,585	1,941,468	10.5
HENDERSON	14,400	107,342	87,552	194,894	176,595	10.4
LINCOLNTON	6,120	45,620	41,761	87,381	79,559	9.8
MONROE	13,960	104,062	110,516	214,578	196,586	9.2
SOUTHERN PINES	8,630	64,330	67,150	131,480	120,369	9.2
STATESVILLE	22,410	167,051	141,403	308,454	279,925	10.2

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APPENDIX N

North Carolina Association of County Commissioners
Legislative Research Committee Study:
State Revenue Sharing with Counties and Cities
December 13, 1979

A look at revenues and expenditures for county governments during the past few years reveals a number of important trends. The changes in revenue and expenditures reflect the need for an examination of the fiscal relationship between county governments and the state. The most important trends are highlighted below:

I. The County Revenue Base

- The property tax remains the most important source of tax revenues for counties. Property taxes as a percentage of all county tax revenues declined from 90.9% in 1969 to a low of 78% in 1974. However, the amount of money generated by property taxes more than doubled from 1969 to 1978, growing from $214 million to $515 million. Further, since 1974, property tax revenues have accounted for roughly 79% of all county tax revenues each year.

- The 1% local option sales tax has become the second most important source of tax revenues for counties. 99 counties have adopted the 1% tax. There is some evidence that counties were able to stabilize property tax rates in the short term by imposing the sales tax.

- County property tax rates may be on the rise again. The average county tax rate, after declining from 1972 through 1978, increased in 1979 (from $.711 to $.722). Also, the number of counties increasing their tax rates increased substantially in 1979-80. 51 counties posted tax rate increases in 1979-80 as opposed to only 37 counties raising rates in 1978-79.

II. State and Local Government Revenues

- Although the major tax revenues for local governments have grown rapidly since 1971, the state's main revenue sources have grown even faster. The growth rates of these tax revenues from 1971 to 1979 are listed below:

  Property Tax Levies 97%

  Individual Income Tax 198%

  Corporate Income Tax 116%

  Sales and Use Tax 115% (State portion only)

- The bases of the major tax revenues also show different rates of growth. The main tax base for local government, assessed property valuations, have not grown as much as taxable income. A comparison of growth rates from 1966 to 1978 for the major tax bases follows:

Taxable Income	265.3%
Assessed Valuation of Property	232.4%
Taxable Retail Sales	197.1%

III. County Government Expenditures

- Expenditures for state mandated services increased dramatically between 1972 and 1978. The following summary shows total operating expenditures from all sources for the major mandated programs.

	1971-72	1977-78
Education	$779	$1,542
Social Services	36	122
Health	20	68
Mental Health	2	81

(millons of dollars)

- These four major mandated services still account for the bulk of the budget for all counties, representing about 82% of all expenditures by counties in 1971-72 and 1976-77 (This comparison includes capital outlays).
- County government participation in financing education has increased in the past several years. The share of current operating expenses paid by counties has increased, rising from 16% in 1962 to 24% in 1978. At the same time, the percentages of support from state and Federal sources have declined.
- Counties also provide a high proportion of capital expenditures for education. Between 1974 and 1978, counties spent $436 million, representing 65% of all education capital expenditures. The level of county support is even more impressive since it was during this same period that the state expended the bulk of the money obtained from the 1973 bond issue.

After reviewing these trends, other background information, and the legislative goals developed by the Association in recent years, the Board of Directors of the N. C. Association of County Commissioners adopted the following as the long-range general policy:

- Seek greater state financial participation in the state/county programs of Education and Human Resources.