



NCACC Brief Protect County Revenues

NC counties urge legislators to protect much needed property tax revenue so counties can continue to provide state-mandated services, including critical health and human services and emergency operations functions that support COVID-19 response and vaccination efforts.

At-A-Glance

- As the General Assembly considers proposals to offer COVID-19 relief for businesses, please protect county revenue, and consider recommendations provided by key task forces, led by counties, the North Carolina Department of Revenue, and UNC School of Government.
- Property taxes, from both residential and business taxpayers, make up the primary source of revenue to fund county public safety, public health, education, and election programs, which are all state-mandated services.
- Property tax relief or forgiveness is not allowed by law, making it an inappropriate mechanism to assist the category of taxpayers impacted economically by business pauses or closures.
- Property tax relief or forgiveness would also be extremely challenging to implement and apply equitably across the state, particularly because the impact on businesses is not uniform, with variation between counties and even between industries within a county.

Background

- County tax offices are keenly aware of the impact experienced by some businesses and continue to assist on an individualized basis to determine the appropriate mechanism for assistance.
- Across the state, counties have offered payment plans, installment plans, absorbed online fees, and relaxed collection efforts to work with taxpayers during the public health pandemic.
- The public health pandemic did not exist in North Carolina on January 1, 2020, so the pandemic had no impact on property values in Fiscal Year 2020-21, and counties were required to pass balanced budgets by July 1, 2020.
- Counties are required by law to reappraise real property values every eight years, and most reappraise on a four-year or eight-year cycle. Real property appraisal is based on property value and has no direct relationship to business revenue.
- Because property value rather than business revenue is appraised, businesses that experienced an increase in revenue during the pandemic will not receive a higher property tax bill either.

County Efforts & Recommendation

Counties support the work being conducted by the North Carolina Department of Revenue, UNC School of Government, and county representatives to provide options for business relief. Counties also support the following mechanisms to assist impacted business:

- Allow county tax offices to continue offering payment plans and other tailored assistance on an individual taxpayer basis for eligible businesses.
- Allow the appraisal and taxpayer appeal process to operate as set out by law.
- Pursue a grant program with federal coronavirus funding (such as the Paycheck Protection Program) to help eligible businesses impacted by the public health pandemic. Counties across the state utilized a portion of their allocated CARES Act CRF to assist businesses and nonprofits.

Act Now

As the General Assembly evaluates mechanisms for business relief, please protect county revenue, which is critical to North Carolina's COVID-19 response and vaccination efforts.

For More Information

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