

Guilford County Additional Local Option Sales Tax Information

What is the general process for enacting the additional ¼% sales tax?

- Board notification to local Board of Elections and State Board of Elections to include advisory referendum on ballot during a regularly scheduled election. The referendum may be held only on the same date as a county or statewide general election, the primary election in even-numbered years, or in any other election during which all precincts in a county are open.
- Obtain voter approval through a non-binding advisory referendum. The referendum is non-binding, meaning the Board is not obligated to levy the tax even if the majority of those voting in a referendum vote in support of a levy.
- Provide 10 days public notice of intent to adopt resolution levying the new tax.
- Approve resolution levying the new tax.
- Send certified copy of the resolution and referendum results to the Department of Revenue.

What information may be included on the ballot?

- Use of funds cannot be included on the ballot. However, the Board of Commissioners may adopt a resolution stipulating the use of the proceeds, but no restrictions are allowed to be imposed.
- Ballot question must be presented as follows:

<input type="checkbox"/> FOR <input type="checkbox"/> AGAINST
Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State and local sales and use taxes.

If approved, when would the new tax be effective?

- The first day of any calendar quarter after 90 days' notice to the Secretary of Revenue.
- If a ¼% sales tax were approved in November 2020, the earliest effective date would be April 1, 2021 provided the Board adopts a resolution levying the tax and notifies the Department of Revenue by the end of December 2020.

How much revenue would a new tax generate?

- Approximately \$19 million in a fiscal year. For the current fiscal year, a new sales tax would generate approximately \$4.75 million if the tax were levied beginning April 1, 2021.
- Proceeds are not shared with municipalities.
- A property tax rate of about 3.5 cents would generate the same revenue in a fiscal year.

What would the total sales tax rate be and how would it impact consumers?

- The total sales tax rate would increase from 6.75% to 7.0%.
- A consumer would pay an additional penny for every \$4 of purchases.

What items would be taxed?

- The new sales tax would apply only to those items currently taxed, excluding unprepared food (i.e., groceries). It would apply, as existing sales taxes do now, to tangible personal property (furniture, clothing) including lease or rental; certain digital property; service contracts; admission to entertainment events; accommodation rentals; prepaid telephone services; satellite digital audio radio services; repair, maintenance, and installation services including those provided under a property management contract; operation of laundries/dry cleaning plants and similar businesses; also prepared food, soft drinks, candy, vending machine food, and dietary supplements. It would not apply to motor vehicles, prescription drugs, certain medical equipment, and gasoline.

Can the new sales tax be repealed after it is enacted?

- Yes, by special election.