

**INTERLOCAL COOPERATION AGREEMENT
FOR THE DIVISION OF SALES TAX
BETWEEN THE COUNTY OF DURHAM
AND THE CITY OF DURHAM**

This Agreement made, dated, and entered into as of the 1st day of July 2026 between the County of Durham, a political subdivision of the State of North Carolina, hereinafter referred to as the “County” and the City of Durham, a North Carolina municipal corporation, hereinafter referred to as the “City”. This Agreement is made pursuant to Article 20 of Chapter 160A of the North Carolina General Statutes.

WITNESSETH:

WHEREAS, Pursuant to N.C.G.S. 105-472, the governing bodies of the County and the City passed resolutions in April 1995 setting forth a per capita method of distribution of sales tax which would be fair and equitable to both governments; and

WHEREAS, in lieu of the County changing the method of sales tax distribution, the City and County desire to enter into this interlocal agreement in order to continue distribution of sales tax revenues between the City and County of Durham in a fair and equitable manner.

NOW THEREFORE, for and in consideration of mutual covenants contained herein and the mutual benefits to result therefrom, the parties hereby agree as follows:

1. DEFINITIONS:

A. Sales Tax Revenue: The Local Government Sales and Use Tax Revenues collected and distributed pursuant to Articles 39 (First One-Cent), 40 (First One-Half Cent), 42 (Second One-Half Cent) and 44 (including Local Government Hold Harmless Provisions, to the extent still distributed) of Chapter 105 of the General Statutes of North Carolina, levied by the County as of the date of this Agreement.

2. PURPOSE: The purpose of this Agreement is to provide for the continued distribution of Sales Tax Revenues between the City and County of Durham in a fair and equitable manner. This Agreement is adopted in lieu of the Board of County Commissioners changing the method of distribution of Sales Tax Revenues from the *per capita* method of distribution to the *ad valorem* method of distribution. It is further the purpose of this Agreement to provide for a more certain method of distribution of Sales Tax Revenues in order for both governing bodies to better plan annual budgets.

3. DISTRIBUTION OF SALES TAX REVENUES:

A. Method of Distribution. The Sales Tax Revenues will continue to be distributed on a *per capita* basis between the County of Durham and its municipalities. Upon distribution of the Sales Tax Revenues by the Secretary of Revenue and receipt of same by the County and its municipalities, the total will be ascertained by the County Chief Financial Officer and of this total, minus the amount distributed to the Town of Chapel Hill and the City of Raleigh, the County will be entitled to 55.0 percent and the City will be entitled to 45.0 percent. The County Chief Financial Officer shall be responsible for calculating the agreed upon allocation and providing the information to the City for remittance.

B. Once the total is ascertained and upon receipt of the remittance amount, the City shall pay to the County on a monthly basis by wire transfer the difference between what is actually received by the City from the Secretary of Revenue and what the City is entitled to by virtue of this Agreement.

4. RECORDS AND AUDITS:

- A. Records. Records maintained by the City showing the amount received from the Secretary of Revenue and the calculation of the amount distributed to the County shall be available for inspection at any time to the County upon reasonable notice to the City.
- B. Audits. The County may, at its own expense, provide for an audit of the records relating to sales taxes owed to the County and received by the City from the Secretary of Revenue.

5. DURATION:

- A. This Agreement will take effect on the 1st day of July 2026.
- C. This Agreement shall endure until June 30, 2027

6. GENERAL PROVISIONS:

- A. This Agreement shall be recorded in the Office of the Clerk of both the City and County.
- B. Amendments to this Agreement shall be effective only when reduced to writing and duly executed by parties.
- C. Appointment of Personnel. The City Manager shall designate persons to carry out the City's obligations under this Agreement. The County Manager shall designate persons to carry out the County's obligations under this Agreement.
- D. The laws of the State of North Carolina shall control and govern this Agreement.
- E. This Agreement sets forth the entire agreement between the County and the City and supersedes any and all other agreements on this subject between the parties.
- F. Any claims, disputes or other controversies arising out of, and between parties to this Agreement which may ensue shall be subject to and decided by the appropriate division of the General Court of Justice of Durham County, North Carolina.
- G. The subject headings of the paragraphs are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions. This Agreement shall be deemed to have been drafted by both parties and no interpretation shall be made to the contrary.
- H. This Agreement is made for the benefit of the City and the County and not for any other entity or person.
- I. The rights and duties under Articles 3 and 4, and subparagraph "6H", survive the termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed on the day and year first above written, in their respective names by their proper officials.

CITY OF DURHAM

ATTEST:

Diana D Schreiber, City Clerk

BY _____
W. Bowman Ferguson, City Manager

COUNTY OF DURHAM

ATTEST:

Monica W. Wallace,
Clerk to The Board

BY _____
Claudia Hager, County Manager