



## Legislation Text

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**File #:** 20-0172, **Version:** 1

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**Item:**

**Interlocal Cooperation Agreement for the Division of Sales Tax Between the County of Durham and the City of Durham July 1, 2020- June 30, 2021**

**Date of BOCC Meeting:** May 11, 2020

**Request for Board Action:**

The Board is requested to approve a revised, one-year interlocal cooperation agreement with the City of Durham for the division of collected Article 39, 40, & 42 sales tax between the two jurisdictions. The City has requested to exit the current interlocal agreement between the County and City per established guidelines and has proposed a revised interlocal agreement. The new interlocal agreement would exist for one fiscal year, through June 30, 2021.

The current agreement, in effect since July 1<sup>st</sup>, 2013, splits all collected sales tax for both the City and County, with the County receiving 58% of the total amount and the City 42%. This agreement was reached to avoid the county changing the distribution method from the current per capita distribution to an ad valorem distribution method.

A new proposed interlocal agreement would continue to split all collected sales tax for both the City and County, with the County receiving 56% of the total amount and the City 44%.

After significant analysis by both the City and County, this revised interlocal split of sales tax presents a viable option for both entities for one fiscal year. The County considers the best available interlocal agreement option in perpetuity, after this one-year agreement, to be an Ad Valorem equivalent interlocal agreement where the City receives funding equal to an Ad Valorem distribution.

The Durham City Council is set to approve this new revised interlocal cooperation agreement at their June 1st meeting, reflecting a collected sales tax revenue split at 56% for the County and 44% for the City for the next fiscal year (FY 2020-21).

**Alignment with Strategic Plan:** Goal 5: Accountable, Efficient, and Visionary Government

**Resource Persons:** S. Keith Lane, Budget & Management Services Director

**County Manager's Recommendation:** The County Manager recommends that the Board approve the new interlocal cooperation agreement (see attachment) for the division of sales tax between the County of Durham and the City of Durham for the period July 1, 2020 through June 30, 2021 and authorize the County Manager to sign of this agreement.

County Manager: \_\_\_\_\_