

**Interlocal Agreement
City of Marion and
McDowell County**

Concerning Matters Related to the Distribution of Sales Tax

This Interlocal Agreement is entered into within the context of the County of McDowell (County) and the City of Marion (City) working together, cooperatively, to promote projects and activities that are in the best interest of all city and county residents and within the financial ability of each entity.

WHEREAS, North Carolina General Statute GS 105-472 provides two formulas for sales tax distribution between a County and its municipalities. The methods are either on a Per Capita formula or an Ad Valorem formula. The McDowell County Board of Commissioners annually chooses the formula, and

WHEREAS, since July 1, 2008, the Ad Valorem method has been used to distribute a portion of sales tax revenue to the City, and

WHEREAS, the five year Interlocal Agreement Concerning Matters Related to the Distribution of Sales Tax between the County and the City, approved by both the County and City in 2009, expired on June 30, 2014, and

WHEREAS, said Interlocal Agreement was extended by the County and the City for a two year period, with said extension expiring on June 30, 2016; and

WHEREAS, both the County and City desire to extend the 2009 Interlocal Agreement temporarily to allow for further discussions to take place about a possible long term agreement concerning the distribution of sales tax.

NOW, THEREFORE BE IT RESOLVED AS FOLLOWS:

For the 2016-17, 2017-18 and 2018-19 Fiscal Years, McDowell County will distribute sales tax to the City of Marion using the following formula.

1. The higher amount of sales tax that the City would have received under the Per Capita method is calculated. This calculation exempts any other municipality.
2. The lower amount of sales tax that the City will receive under the Ad Valorem method is calculated by the Department of Revenue.
3. The lower amount is subtracted from the higher amount to produce the difference between these two amounts. The Town of Old Fort is not a party to this Agreement and will receive their allocation as provided by G.S. 105-472.
4. \$445,000, which is the amount retained by the County in the 2015-16 Fiscal Year, is then subtracted from the difference and this \$445,000 is retained by the County to offset the annexation of the Marion Correctional Facility. This annexation

resulted in an approximate amount of \$160,000 shift in sales tax revenue from the County to the City.

5. The resulting amount will be distributed to the City.

Other Issues

This Interlocal Agreement may be amended at any time with the consent of both the McDowell County Board of Commissioners and the Marion City Council.

Adopted, this the 13th day of June, 2016 by the McDowell County Board of Commissioners and the 21st day of June, 2016 by the Marion City Council.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first above written.

COUNTY OF, McDOWELL, NORTH CAROLINA

By: _____
David Walker, Chairman
McDowell County Board of Commissioners

(SEAL)

Attest:

By: _____
Cheryl Mitchell, Clerk to the Board

CITY OF MARION, NORTH CAROLINA

By: _____
Stephen R. Little, Mayor

Attest:

By: _____
J. Robert Boyette, City Manager/Clerk

This Agreement has been preaudited by the City and County in the manner required by the Local Government Budget and Fiscal Control Act.

By: _____

Alison Morgan
Finance Director
McDowell County

By: _____

Julie Scherer, CPA
Finance Director
City of Marion