

CITY OF CHARLOTTE

COUNCIL POLICY

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| REFUND OF EXCESS INCOME TAX REVENUE | 2013-01 | 06/24/2013 | 1 of 1 |

1. PURPOSE

The purpose of this policy is to establish a process through which net City income tax receipts generated in excess of those required for purposes related to the maintenance, repair and reconstruction of streets will be refunded to tax payers.

2. BACKGROUND

During its June 10, 2013 meeting, the City Council voted to approve an ordinance establishing a city income tax. This ordinance will be subject to referendum during the November 2013 city election. City staff has estimated that the tax, if imposed at the statutory maximum of 1% for residents and .5% for non-residents, will generate between \$1.1 mill and \$1.5 million. Numerous factors will influence actual tax receipts in any given year, however, and the amount generated by the income tax could fall above or below the estimated range. Even if the amount generated does fall within the range, this amount is in excess of the target of \$500,000 established to meet ongoing street improvement requirements.

3. POLICY

When the amount of net city income tax revenues actually received by the City Treasurer in any calendar year exceeds the amount appropriated from the general fund for acquiring, extending, altering, constructing or repairing public streets and highways in the city for the ensuing road construction season, the amount in excess of that appropriated shall be refunded to taxpayers by reducing the rate of the income tax levied or by reducing the number of mills levied on real and personal property in the city or by a combination of the two. "Net city income tax revenues" shall be defined to mean city income tax revenues minus costs incurred by the city for the administration of the income tax including, but not limited to, costs for forms, mailings, public notices, collection, enforcement, accounting and reporting including costs for contractual services related to any or all of these. "Road construction season" shall be defined to mean that period of time typically extending from April 1 through November 30 in any calendar year during which street construction, reconstruction, resurfacing and similar projects are undertaken.

4. EFFECTIVE DATE

This policy shall become effective upon its approval by the City Council.