

RESOLUTION NO. _____

A RESOLUTION PROACTIVELY APPROVING THE USE OF ARTICLE 39 FUNDS SHOULD EITHER OR BOTH SB131 OR HB183 IN THE 2025 LEGISLATIVE SESSION BECOME LAW IN NORTH CAROLINA.

- WHEREAS, The 1¢ local sales tax revenue under Article 39 may be used by a county for any public purpose; and
- WHEREAS, in 1983, the General Assembly enacted legislation (Chapter 134 of the 1983 Session 13 Laws, as amended by Chapter 534 of the 1983 Session Laws and S.L. 2016-19), the County is required to use fifty percent (50%) of the Article 39 sales taxes collected for school capital needs; and
- WHEREAS, Buncombe County is the only county in North Carolina with the restriction on use of Article 39 for general public purpose; and
- WHEREAS, since 2019, Buncombe County has invested \$150M in school capital funding including 124 Priority Projects, and annual average of \$22M per year; and
- WHEREAS, Article 39 FY25 revenues are projected to be \$28M with an FY25 Fund Balance of \$41M (as of April 2025); and
- WHEREAS, Tropical Storm Helene has devastated Buncombe County resulting in the loss of life and property; and
- WHEREAS, over 12,000 homes have been damaged by T.S. Helene including 370 destroyed and 730 with major damage; and
- WHEREAS, the resulting economic impacts resulted in a revenue reduction of approximately \$13M in FY25 and projected negative growth (-3.4%) in FY26 unrestricted revenue; and
- WHEREAS, Legislation has been introduced by members of Buncombe County's Local Delegation to provide financial flexibility to Buncombe County Government following the devastating economic impacts of Tropical Storm Helene; and
- WHEREAS, the legislation would create a temporary two-year relief by allowing Article 39 revenues to be used for both school capital and school operating expenses; and
- WHEREAS, SB131 and HB183 if passed would allow the County to use a portion of the Article 39 school capital funds for school operation expenses; and
- WHEREAS, as of June 3, 2025, neither SB131 or HB183 have been passed by the North Carolina General Assembly; and
- WHEREAS, the Buncombe County Board of Commissions believe that if either or both bills become law that the County could use a portion of the Article 39 school capital funds for school

operational purposes to fund local teachers and support staff as well as school capital;
and

WHEREAS, the Buncombe County Board of Commissioners intends to utilize this funding source to return the schools to pre-Helene FY25 funding levels even as the County is projecting negative revenue growth (-3.4%); and

WHEREAS, the Buncombe County Board of Commissioners intends to receive a recommendation in a public meeting from a joint committee including a member of each school board and the County Commission regarding the allocation of the Article 39 funding; and

WHEREAS, the Buncombe County Board of Commissioners intends to return a proportionate share of Revenue Replacement to replenish the Article 39 funds utilized for school operating expenses if Revenue Replacement funding becomes available to Buncombe County; and

WHEREAS, it is the best interests of the residents of Buncombe County as a whole to utilize existing revenue sources rather than further exacerbating the impact of additional tax increases on the already economically impacted survivors of Tropical Storm Helene.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners for the County of Buncombe as follows:

1. That is either or both SB131 or HB183 become law in North Carolina, the County intends to use a portion of the Article 39 school capital funds for school operational expenses as set forth in passed law.
2. That this resolution shall be effective upon adoption.

This the 3rd day of June 2025.

ATTEST

BOARD OF COMMISSIONERS FOR THE
COUNTY OF BUNCOMBE

Sarah Gross, Clerk

By: _____
Amanda Edwards, Chair

APPROVED AS TO FORM

Interim County Attorney