



## North Carolina Department of Revenue

Beverly Eaves Perdue  
Governor

Kenneth R. Lay  
Secretary

March 31, 2009

### **MEMORANDUM**

TO: North Carolina County and Municipality Managers and Finance Officers

FROM: Andrew Sabol, III  
Director, Sales and Use Tax Division

SUBJECT: Article 46 Duplication

An adjustment will be made to each county and municipality for the Sales and Use Tax Distributions beginning with the April 2009 payment and ending with the December 2009 payment. This adjustment is the result of a computer programming error that duplicated Article 46 collections and placed the overpayment into Article 39 collections during the distribution periods of April 2008 through December 2008. The Department has estimated the total overpayment of ten million dollars. The following counties and their respective municipalities: Alexander, Catawba, Cumberland, Haywood, Martin, Pitt, Sampson, and Surry received the majority of the overpayment. However, every other county and municipality will be impacted because of the unidentified county tax as described in G.S. 105-472(a). Revised distribution and net adjustment reports for each distribution beginning with period February 28, 2009 and ending with period October 31, 2009 will be included on the Local Government Distribution page on the Department's website.

This error was discovered in late January 2009. Our Department was able to cease the overpayments for the March 2009 distribution payment. Currently, we are in the process of running revised distributions. Because of this error the Department has been reviewing our development and testing procedures to prevent this type of situation from occurring in the future.

Our Department consulted with the North Carolina Association of County Commissioners and the North Carolina League of Municipalities on this matter including the period of repayment.

For questions, contact Ed Strickland at (919) 733-2151.