THE FOOD FIGHT: AN EXAMINATION OF THE PREPARED MEALS AND BEVERAGE TAX AS A VIABLE REVENUE GENERATION SOURCE IN NORTH CAROLINA

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Executive Summary

The Prepared Meals and Beverage Tax generated over $235 million dollars in revenue over the last six years for eleven North Carolina local governments. With budget cuts on the horizon, many local government officials may instinctively look to property tax increases to close their widening fiscal gaps. However, the Prepared Meals and Beverage Tax, which has gone largely underutilized, is another potential revenue raising mechanism some local governments may wish to explore. This paper examines the Prepared Meals and Beverage Tax as revenue generator, especially as it compares to the property tax.

Introduction

The Prepared Meals and Beverage Tax (hereafter "Meals Tax") is the one of the most underutilized taxes in the state for generating revenue.[1] To date, only eleven local governments receive revenue from the Meals Tax. However, over the last five years, the tax generated more than $235 million for these jurisdictions.[2] Local governments received authority to impose the Meals Tax from the General Assembly through local act provisions. And, in each case, the local act expressly earmarked the Meals Tax proceeds to be spent on tourism promotion or cultural amenities.

Property taxation, on the other hand, is the most widely used revenue generating mechanism. All local governments have authority to levy property taxes under general law. Property taxes provide the largest revenue source for North Carolina counties and the second largest source for North Carolina cities.[3] And, unlike Meal Tax proceeds, property tax revenues can be used to support most local government expenditures.

With the increasing pressures of a tightening economy, it is vital for local government officials to understand the most effective tools for generating revenue. This research examines Meals Tax primarily as a revenue generator and answers questions central to this discussion: How much revenue does the Meals Tax generate? How much revenue does a 1 percent Meals Tax generate in terms of property tax? What community characteristics impact whether a 1 percent Meals Tax will generate more or less revenue than one cent of property tax?

Background and Relevance

In North Carolina, local governments derive all their authority, including the authority to levy taxes and fees, from the General Assembly. The General Assembly can bestow this authority on local governments in one of two ways—through general laws or local acts. The Meals Tax is a local option sales tax on meals prepared at restaurants. It has not been enacted as a general law; instead, the General Assembly has enacted local acts applicable to seven jurisdictions, authorizing only these jurisdictions to levy the Meals Tax. Of these seven jurisdictions, five have levied the Meals Tax after successful voter referendums. (See Appendix 1 for a list of all jurisdictions with legislative authority to levy the tax.)

Each local act designates a tax rate of 1 percent and earmarks the proceeds for expenditure on cultural amenities or tourism only. Tourism is a major aspect of the state's economy. In fact, visitors account for $22.2 billion a year in total economic demand in North Carolina, and restaurants receive the second highest amount of visitor dollars.[4] Of the top counties with the highest direct visitor spending amounts, only four of them impose the Meals Tax. (See Appendix 2 for a list of top tourism counties.) In counties with high levels of tourism, the Meals Tax may help to shift some to the residential tax burden to non-residents.

Research Design

To begin, a 1 percent Meals Tax is the equivalent of one cent on each dollar spent on prepared restaurant meals. For every one dollar spent at a restaurant, a patron would expect to pay one additional penny in tax. A one cent increase in the property tax rate is the equivalent of one

penny on $100 of the assessed value of property. For consistency and clarity, the Meals Tax will be expressed in cents like the property tax rather than as a percentage.

Using SPSS (statistical software), a primary model was constructed to project the amount of revenue the Meals Tax will generate for a given North Carolina county. This model consisted of the 10 jurisdictions[5] that received Meals Tax revenue. It included their Meals Tax revenue amounts and population from 2003-2009 (where available) and sales receipts of all food sold at restaurants from the 2002 Economic Census. The model produced an R^2 value of 0.974, meaning that it is an accurate predictor of Meals Tax revenue for the jurisdictions in the sample. This model was used to project the expected revenues for 79 counties[6] and is captured in the "Meals Tax Predictor" in Appendix 3.

Next, the one cent Meals Tax was compared to a one cent property tax increase. Using the counties' 2008 property tax data, the one cent property tax increase figures were derived and then divided into the county's projected Meals Tax figures. This calculation yielded the one cent Meals Tax equivalent of property tax (hereafter "Meals Tax equivalent").

A second regression model was constructed to determine what factors optimized the amount a county could gain using the Meals Tax instead of a property tax increase. This model used the 79 counties' Meals Tax equivalents as the dependent variable and seventeen independent variables to measure community attributes that may have an impact on the amount of revenue the Meals Tax is projected to raise when compared to the property tax. These results are captured in the "Meals Tax Optimizer" in Appendix 3.

Limitations. One limitation of this research is that the most recent sales receipts for restaurants come from the 2002 Economic Census which is conducted every 5 years. This means that the sales figures are from years 1997-2002. The strength of the projections would likely increase with more current data, which is unavailable until the middle of this year.

A second limitation is the predictive power of the model as a whole. Each jurisdiction included in the initial model had high levels of tourism or large populations, which was reflected in large food sales receipts. Therefore, the foundational model is a weak predictor of Meals Tax for counties with low populations and low food sales, which is evidenced by the negative projected values for the smaller NC counties in the model. In essence, this model best predicts Meals Tax revenues for similarly situated counties—counties with high levels of tourism, large populations, or both.

Finally, as discussed below, the Meals Tax is not a perfect substitute for the property tax. This research focuses only on revenue generation, not other factors that may influence whether a jurisdiction should choose to implement a Meals Tax.

Findings & Analysis

1. How much revenue does the Meals Tax generate?

The Meals Tax Predictor projected positive revenues for 71 counties and negative revenues for eight counties. The model projected negative revenues for these counties because they were too different from the counties in the sample group.[7] In this model, food sales receipts are the strongest predictor of Meals Tax revenue. For every dollar of restaurant food sales, a county

generates $0.013 in Meals Tax revenue. For every one person in a county, it is predicted that the county generates $5.75 in Meals Tax revenue. Counties with higher populations are projected to generate more revenue than counties with smaller populations. See Appendix 4.

2. How much revenue does a 1 percent Meals Tax generate in terms of property tax?

The projected Meals Tax revenue was then divided into the amount the county would generate by increasing its property tax by one cent. This produced the one cent Meals Tax equivalent for property tax. See Appendix 5. Only Robeson County generated a Meals Tax equivalent of more than 3 cents on the property tax. Fifty-one of the seventy one counties' Meals Tax equivalents generated more than one cent of property tax. For 20 counties, the Meals Tax equivalent generated less than one cent on the property tax. Therefore, for a majority of North Carolina counties, implementing a one cent Meals Tax could produce more revenue than a one cent property tax increase.

3. What community characteristics impact whether a one percent Meals Tax will generate more or less revenue than one cent of property tax?

Next, the Meals Tax equivalents were used as the dependent variable for the Meals Tax Optimizer SPSS model. The independent variables for this model are listed in the chart below. For precision, several models were regressed. Models 2 & 3 excluded three and five variables, respectively, to more accurately determine which factors had significant impacts on the potential Meals Tax equivalent revenue figures.

This chart displays how certain variables impact the amount of cents one cent of Meals Tax is projected to generate in property tax. In all models, "population," "owner occupied housing," and "meals at restaurants, carryout, and other" were strong indicators of whether a county would optimize the amount of cents of property tax the Meals Tax could account for. The data suggests that counties with larger populations and greater amounts spent at restaurants will generate more revenue with a one cent Meals Tax than a one cent property tax increase. On the contrary, counties with larger amounts of owner occupied housing are predicted to generate less revenue with a one cent Meals Tax than a one cent property tax increase.

MEALS TAX OPTIMIZER			
Variable	Significance Levels		
	Model 1	Model 2	Model 3
Population	+ + +	+ + +	+ + +
Tax Rate			
Actual Property Taxes			
Black Population		- -	- - -
Hispanic Population			
White Population			
College Education			
Some College Education			
Blue Collar Employment	+	+ +	+ +
White Collar Employment			
Owner Occupied Housing	- - -	- - -	- - -
Food (Household Average $)		-	
Food away from home (HH Av $)		+	
Meals at restaurants & carryout ($)	+ + +	+ + +	+ + +
Household Median Income		+	+ +
All Industry Establishments			
% Population Below Poverty Level	+		+ +

Legend	99% or more	90% to 98.99%	80% to 89.99%
	+ + + / - - -	+ + / - -	+ / -

Four variables increased in significance as the model narrowed: blue collar employment, household median income, percent population below poverty level, and black population. For counties with large percentages of blue collar workers, individuals below the poverty line, and households with larger median incomes, the one cent of Meals Tax revenue produces more than one cent of property tax. This may suggest that blue collar workers spend more money on eating out than do white collar workers—an argument made for the regressive nature of the tax. Similarly, counties with high levels of poverty may have more individuals that do not own homes but are capable of dining out. From a purely fiscal perspective, taxing meals is an optimal way for these counties to expand their tax base and account for revenues unrealized in property tax. Additionally, the Meals Tax may a more effective revenue generator than a one cent property tax increase in counties with higher household median incomes because perhaps their residents are more likely to dine out or spend greater amounts dining out relative to the amount they would pay overall in property tax.

The opposite scenario is true for counties with larger black populations and regular food sales (groceries). In counties with larger black populations, the Meals Tax may be less optimal mechanism to raise revenue than a one cent property tax increase. This may suggest that blacks do not spend large amounts eating out, do not eat out much at all, or mostly own homes. In the same way, in Model 2, counties with greater amounts spent on food would generate more revenue using the property tax instead of the Meals Tax. This may suggest that individuals in these counties buy more unprepared food than prepared food.

Key Policy Considerations

When considering the Meals Tax, local leaders must be mindful of the tax's impact on the local economy and development, its fairness, restrictions, and political feasibility. Each consideration should be examined thoroughly if local leaders wish to pursue legislation for the Meals Tax.

Impact on the Local Economy and Development. The Meals Tax, like other local sales taxes, can positively and negatively impact the local economy. On the positive side, these revenues can lessen the tax burdens of residents by shifting it to non-residents, encourage inter-local cooperation, and promote industry in the region.[8] Mecklenburg, with its booming local economy, is a premier example of these benefits, as it attracts and captures revenue from the daily influx of non-residents and shares the Meals Tax proceeds with each of its cities. While some studies[9] suggest that local sales taxes negatively affect the local economy because they encourage residents to travel to lower taxing regions to avoid the tax, the literature suggests that convenience often outweighs the benefits of traveling to avoid taxes for most people.[10]

Fairness of the Tax. Sales taxes are the most commonly used but most regressive taxes in the U.S. tax system because people with lower incomes spend higher portions of their income on goods.[11] When it comes to food, however, this is not exactly the case. According to the Consumer Expenditure survey, on average, lower-income groups spend 8% of their income on meals away from home, while higher-income groups spend 5% on meals away from home.[12] See Appendix 6. On average, this is only a three percentage point difference. This may suggest that the Meals Tax may be less regressive than other types of sales taxes.

Restrictions of the Meals Tax. Unlike the property tax, Meals Tax revenues have been restricted to tourism or cultural project expenditures. A county should consider pursuing legislation for this tax only if it can demonstrate the need to fund such projects. Therefore, the Meals Tax is not a perfect substitute for the property tax, as it can only be used to displace cents on the property tax if those dollars are to be spent on tourism or cultural projects.

Political Feasibility. Though the Meals Tax is projected to be an effective revenue generator for many counties, it is imperative for local leaders to consider the political feasibility of pursuing the tax. The difficulty of overcoming the natural opponents of the Meals Tax—the negative perception of regressivity and uproar in the restaurant business community—may outweigh the benefits of imposing the new tax in some places. To improve the jurisdiction's chances of successfully enacting a Meals Tax, local leaders must aptly demonstrate how Meals Tax dollars will fund tourist projects whose costs are currently absorbed by residents in their property tax burdens.

Conclusion

From a purely fiscal perspective, the data suggests that the Meals Tax may be an effective revenue generator for some North Carolina counties, particularly larger jurisdictions or those with large amounts of tourism. Also, for many North Carolina counties, a 1 percent Meals Tax generates more revenue than one cent in property tax. However, to best predict whether the Meals Tax will be a viable revenue generator for a given jurisdiction, local leaders must understand the composition and the needs of their jurisdiction.

This research suggests that jurisdictional characteristics such as dollars spent on meals at restaurants, population, blue collar employment, population below the poverty level, and household median income increased the likelihood that the Meals Tax will generate more revenue than a one cent property tax increase. On the other hand, using property tax revenues is likely a better option for counties with large amounts of owner occupied housing, black population, and dollars spent on unprepared food. Exploring these attributes will help government officials better predict the tax's usefulness in their jurisdiction.

Finally, it is important to note that the Meals Tax is not a perfect substitute for cents on the property tax since it likely will be earmarked exclusively for tourism or other cultural expenditures by the local legislation authorizing its levy. Local leaders who wish to employ the Meals Tax must demonstrate a need to fund tourism or cultural projects in their jurisdictions. Additionally, local leaders must decide how to apply the tax. Meals Tax revenues can be used either as a replacement of cents on the property tax for existing tourist or cultural projects or as a supplement to the property tax for future projects. In either case, the Meals Tax could promote community enhancement while shifting some of the resident property tax burden onto non-resident visitors, a reality that would seem palatable to both residents and local leaders alike.

Notes

[1] North Carolina State Treasurer AFIR aggregate data for cities and counties at http://www.nctreasurer.com/lgc/units/D_E.htm.

[2] Mecklenburg shares its revenue with its seven cities: Charlotte, Cornelius, Davidson, Huntersville, Matthews, Mint Hill, and Pineville.

[3] Walden, M. (2007). *Agricultural Econ- Land Transfer Tax.* Retrieved March 27, 2010, from Ten Questions and Answers about the North Carolina Land Transfer Tax: http://www.ag-econ.ncsu.edu/faculty/walden/landtransfertax.pdf

[4] *What Does Tourism Mean to North Carolina's Economy? The Economic Contribution of Tourism in North Carolina.* Retrieved March 17, 2010, from Economic Impact of Tourism Fast Facts: http://www.nccommerce.com/NR/rdonlyres/B8436053-066E-46FC-A513-EFC1B7A65C04/0/EconomicImpactofTourismFastFacts.pdf

[5] The revenue figures for Mint Hill were lumped with their occupancy tax revenue, so Meals Tax revenues could not be readily extracted. For this reason, Mint Hill was not included in the model.

[6] Twenty-one counties were not included in the calculations because of insufficient data due to confidentiality and gross receipt protections. The amount of sales a restaurant makes is private information. For these 21 counties, the Economic Census withheld sales receipts because through deduction it is likely one could approximate how much a given restaurant made in sales. This is standard practice especially for counties with few food establishments.

[7] These eight counties—Chowan, Gates, Greene, Hyde, Jones, Madison, Mitchell, and Warren—were excluded from the analysis because their low populations and low food sales receipts caused the model to predict negative Meals Tax revenues, which is unrealistic. The counties in the model were large and/or had high food sales receipts relative to their populations, so to accurately predict their values the model derived a constant of -$221,584.33. This negative constant likely accounted for efficiency loss for the counties in the model. For the eight counties, however, the constant was too large to overcome. In addition, it is also important to note that this constant could have unduly impacted other counties in the model as well.

[8] Probst, A. J. (2009, December 3). *Local Option Municipal Sales Tax: A Win-Win Alternative.* Retrieved March 3, 2010, from Local Government Institute of Wisconsin: http://wileague.govoffice2.com/vertical/Sites/%7B92F7D640-E25A-4317-90AD-4976378A8F8D%7D/uploads/%7B53C6CF42-5A68-49D6-B457-00F53258AF50%7D.PDF

[9] T. Randolph, Beard (1997). Border-Crossing Sales, Tax Avoidance, and State Policies: An Application to Alcohol. *Southern Economic Journal* , 13.

[10] Deller, Steven (2006, February) "Local Option Sales Taxes in Wisconsin: Do They Distort Local Retail Sales?" ARE Staff Paper.

[11] Fullerton, Don and Diane Lim Rogers (1994). *Distributional Effects on a Lifetime Basis.* Cambridge, MA: National Bureau of Economic Research.

[12] Bureau of Labor Statistics Consumer Expenditure Survey 2008 "Composition of Consumer Unit" aggregate data at http://www.bls.gov/cex/#tables

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APPENDICES

APPENDIX 1: JURISDICTIONS WITH LEGISLATIVE AUTHORITY TO IMPOSE THE PREPARED MEALS AND BEVERAGE TAX

The Prepared Meals and Beverage Tax in North Carolina					
Jurisdiction	**Population (Certified 2008)**	**Legislative Citation**	**Year Tax Imposed**	**Purpose**	**Average Meals Tax Revenue from 2004 – 2008**
COUNTIES					
Cumberland	316,914	S.L. 93-413	1994	Arena	4,148,094
Dare	33,955	S.L. 91-177	1992	Tourism Board	1,780,899
Durham	260,420	S.L. 08-116	n/a	Cultural Amenities	Not Imposed
Mecklenburg	877,007	S.L. 89-821	n/a	Designated to Charlotte and surrounding cities for tourism	See Mecklenburg Cities
Wake	864,429	S.L. 91-954	1992	Cultural Amenities	14,407,627
MUNICIPALITIES					
Charlotte	674,752	S.L. 89-821	1992	Tourism—through Mecklenburg County	17,364,000
Cornelius	22,946	S.L. 01-402	2003	Tourism—through Mecklenburg County	268,176
Davidson	9,751	S.L. 01-403	2003	Tourism—through Mecklenburg County	71,225
Hillsborough	6,584	S.L. 93-449	1994	Tourism Board	1,006,410
Huntersville	39,191	S.L. 01-405	2003	Tourism—through Mecklenburg County	411,316
Matthews	28,072	S.L. 01-406	2003	Tourism—through Mecklenburg County	419,398
Mint Hill	20,748	S.L. 01-407	2003	Tourism—through Mecklenburg County	Not Available
Monroe	37,280	S.L. 05-261	n/a	Civic Center	Not Imposed
Pineville	7,368	S.L. 01-409	2003	Tourism—through Mecklenburg County	372,895

Note: Bolded jurisdictions have legislative authority to levy the Meals Tax. The non-bolded jurisdictions are cities of Mecklenburg that receive proceed from the Meals Tax

APPENDIX 2: TOP TOURISM COUNTIES INFORMATION

Food Sales and Projected Meals Tax Revenues for Top Tourism Counties in North Carolina			
County	**Population**	**Restaurant Food Sales ($)**	**Projected Meals Tax Revenue**
BRUNSWICK	102,857	$ 76,241,000.00	$ 1,361,902.13
BUNCOMBE	227,875	$ 309,273,000.00	$ 5,111,296.80
CABARRUS	170,406	$ 170,075,000.00	$ 2,970,758.82
CARTERET	63,520	$ 83,098,000.00	$ 1,224,501.35
CATAWBA	154,941	$ 205,204,000.00	$ 3,338,372.89
CUMBERLAND*	316,914	Not Available	n/a
DARE*	33,955	$ 129,647,000.00	$ 1,659,373.52
DURHAM	260,420	$ 371,793,000.00	$ 6,111,483.45
FORSYTH	343,704	$ 434,793,000.00	$ 7,410,116.01
GASTON	204,971	$ 171,073,000.00	$ 3,182,792.66
GUILFORD	468,344	$ 631,048,000.00	$ 10,679,232.77
HENDERSON	103,836	$ 88,528,000.00	$ 1,527,271.19
IREDELL	154,135	$ 125,677,000.00	$ 2,299,880.14
JOHNSTON	162,746	$ 94,209,000.00	$ 1,940,386.88
MECKLENBURG	877,007	$ 1,280,902,000.00	$ 21,480,824.98
MOORE	85,280	$ 74,729,000.00	$ 1,241,020.19
NASH	93,981	$ 98,778,000.00	$ 1,603,766.25
NEW HANOVER	192,235	$ 288,556,000.00	$ 4,636,725.04
ONSLOW	176,004	$ 148,820,000.00	$ 2,726,682.71
PITT	155,570	$ 170,414,000.00	$ 2,889,725.30
SWAIN	13,982	Not Available	n/a
WAKE*	864,429	$ 920,991,000.00	$ 16,729,545.28
WATAUGA	45,319	$ 72,843,000.00	$ 986,366.79

**Impose the Prepared Food and Beverages Tax*

APPENDIX 3: REGRESSION MODEL INFORMATION

MEALS TAX PREDICTOR MODEL SUMMARY	
Dependent Variable	Meals Tax Revenue
R Square	.974
Constant	-221,584.330
Population	5.74
All Food Sales	.013

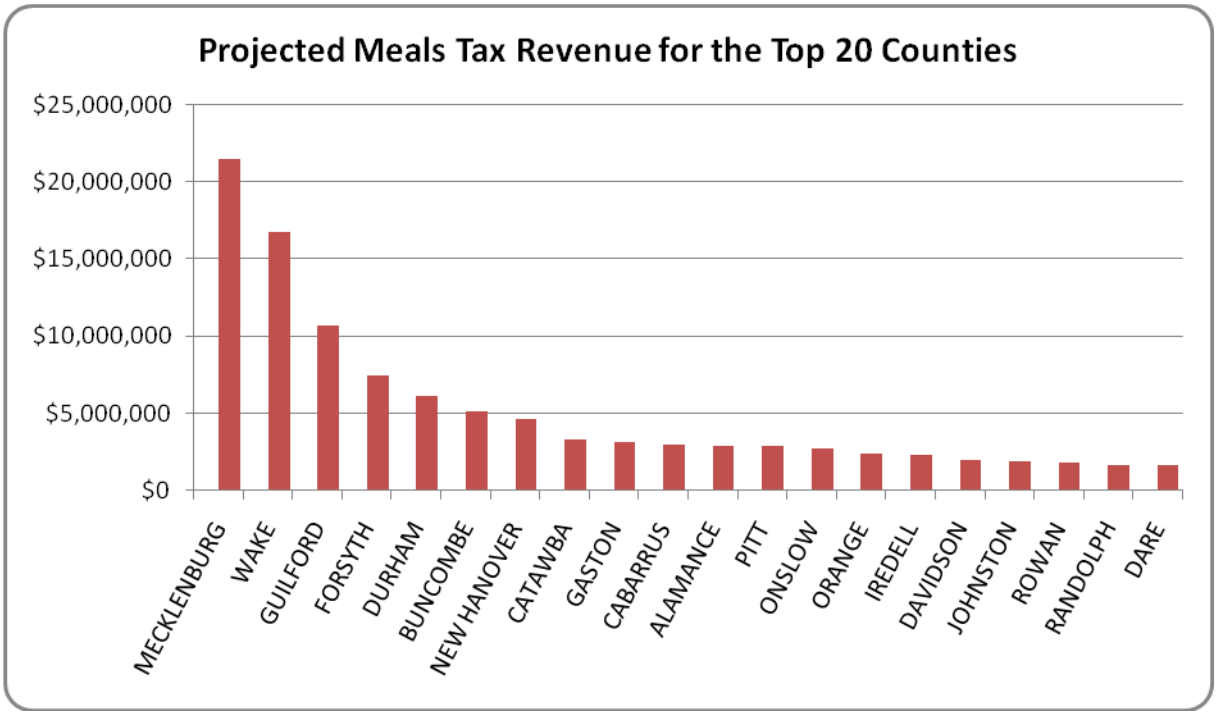
MEALS TAX DECIDER						
Variable	**Model 1**		**Model 2**		**Model 3**	
	Coefficient	**Significance**	**Coefficient**	**Significance**	**Coefficient**	**Significance**
Population	.000	.003	.000	.000	.000	.000
Tax Rate	-.132	.863				
Actual Property Taxes	.000	.391	.000	.163	.000	.346
Black Population	-.029	.265	-.039	.026	-.026	.000
Hispanic Population	.026	.430	.017	.566		
White Population	.006	.740				
College Education	-.031	.643	-.031	.618		
Some College Education	.006	.893				
Blue Collar Employment	.075	.102	.046	.044	.035	.011
White Collar Employment	.045	.436				
Owner Occupied Housing	-.077	.001	-.081	.000	-.101	.000
Food (Household Average $)	-.013	.222	-.015	.106		
Food away from home (HH Av $)	.022	.214	.025	.106		
Meals at restaurants & carryout ($)	.000	.009	.000	.001	.000	.000
Household Median Income	.000	.402	.000	.178	.000	.038
All Industry Establishments	.000	.986				
% Population Below Poverty Level	.059	.199	.049	.239	.072	.069

- Green: 99% confidence interval
- Blue: 90% confidence interval
- Orange: 80% confidence interval

APPENDIX 4: MODEL ONE MEALS TAX REVENUE

Projected Meals Tax Revenue for 79 NC Counties					
County	**Population**	**Project Meals Tax Revenue**	**County**	**Population**	**Project Meals Tax Revenue**
MECKLENBURG	877,007	21,480,825.31	RUTHERFORD	63,555	697,410.25
WAKE	864,429	16,729,545.61	STANLY	59,714	662,484.93
GUILFORD	468,344	10,679,233.10	SAMPSON	65,396	574,632.56
FORSYTH	343,704	7,410,116.34	VANCE	43,502	569,185.02
DURHAM	260,420	6,111,483.78	BEAUFORT	46,590	501,233.81
BUNCOMBE	227,875	5,111,297.13	GRANVILLE	56,250	498,404.75
NEW HANOVER	192,235	4,636,725.37	COLUMBUS	54,758	449,044.32
CATAWBA	154,941	3,338,373.22	DUPLIN	53,431	442,039.13
GASTON	204,971	3,182,792.99	RICHMOND	46,842	437,919.08
CABARRUS	170,406	2,970,759.15	EDGECOMBE	51,800	434,219.20
ALAMANCE	145,995	2,927,624.21	MCDOWELL	44,562	410,488.56
PITT	155,570	2,889,725.63	CHATHAM	60,881	408,022.68
ONSLOW	176,004	2,726,683.04	JACKSON	36,990	375,617.41
ORANGE	129,296	2,361,205.66	MACON	34,227	372,406.29
IREDELL	154,135	2,299,880.47	STOKES	46,638	308,590.24
DAVIDSON	158,866	1,992,948.29	YADKIN	38,162	303,417.96
JOHNSTON	162,746	1,940,387.21	SCOTLAND	37,064	296,912.58
ROWAN	138,512	1,852,277.61	PENDER	51,853	294,033.43
RANDOLPH	140,980	1,693,759.82	FRANKLIN	57,923	282,216.56
DARE	33,955	1,659,373.85	PERSON	37,510	280,267.09
ROBESON	130,316	1,658,553.84	DAVIE	40,970	234,166.23
WAYNE	115,696	1,656,205.26	TRANSYLVANIA	30,991	230,452.17
NASH	93,981	1,603,766.58	CHEROKEE	27,128	206,138.15
HENDERSON	103,836	1,527,271.52	ALEXANDER	36,953	205,026.33
BRUNSWICK	102,857	1,361,902.46	CURRITUCK	23,773	139,184.71
BURKE	89,259	1,318,912.58	BLADEN	32,153	129,309.13
CLEVELAND	97,936	1,300,581.42	MARTIN	23,870	128,121.33
WILSON	78,917	1,262,057.00	HERTFORD	23,764	122,492.88
MOORE	85,280	1,241,020.52	ASHE	26,319	111,649.12
CARTERET	63,520	1,224,501.68	AVERY	18,428	103,722.85
ROCKINGHAM	91,691	1,103,689.47	POLK	18,992	19,064.93
HARNETT	109,637	989,940.48	CHOWAN	14,687	(4,557.57)
WATAUGA	45,319	986,367.12	MITCHELL	16,034	(11,282.19)
SURRY	73,388	979,744.49	MADISON	20,810	(44,565.21)
CALDWELL	80,020	801,397.18	GREENE	21,205	(60,399.41)
LENOIR	57,521	779,621.44	WARREN	19,918	(65,419.24)
HAYWOOD	57,108	772,107.97	HYDE	5,516	(93,370.36)
LEE	57,500	746,103.50	GATES	11,836	(127,394.48)
LINCOLN	74,538	721,687.34	JONES	10,292	(140,472.37)
WILKES	67,297	720,455.42			

APPENDIX 4: MODEL ONE MEALS TAX REVENUE



APPENDIX 5: PROJECTED PROPERTY TAX CENTS THAT ONE CENT OF MEALS TAX GENERATES

County	Population	Tax Rate	Theoretical Property Tax (Collected at 100%)	Theoretical Property Tax by 1 cent	Amount of an Additional Cent of Theoretical Property Tax	Projected Meals Tax Revenue	Meals Tax Replaces This Many Cents in Theoretical Property Tax
Robeson	130,316	0.8	$ 43,292,685.50	$ 43,833,844.07	$ 541,158.57	$ 1,658,553.84	3.0648
Alamance	145,995	0.58	$ 63,307,472.15	$ 64,398,980.30	$ 1,091,508.14	$ 2,927,624.21	2.6822
Nash	93,981	0.7	$ 42,620,103.08	$ 43,228,961.69	$ 608,858.62	$ 1,603,766.58	2.6341
Wayne	115,696	0.764	$ 49,201,886.44	$ 49,845,890.19	$ 644,003.75	$ 1,656,205.26	2.5717
Pitt	155,570	0.665	$ 75,159,686.84	$ 76,289,907.70	$ 1,130,220.85	$ 2,889,725.63	2.5568
Guilford	468,344	0.7374	$ 327,822,660.17	$ 332,268,315.99	$ 4,445,655.82	$ 10,679,233.10	2.4022
Forsyth	343,704	0.696	$ 218,717,997.62	$ 221,860,497.59	$ 3,142,499.97	$ 7,410,116.34	2.3580
Onslow	176,004	0.503	$ 58,628,327.26	$ 59,793,900.37	$ 1,165,573.11	$ 2,726,683.04	2.3393
Lenoir	57,521	0.84	$ 28,609,775.20	$ 28,950,367.76	$ 340,592.56	$ 779,621.44	2.2890
Catawba	154,941	0.535	$ 78,952,349.69	$ 80,428,094.55	$ 1,475,744.85	$ 3,338,373.22	2.2622
Mecklenburg	877,007	0.8387	$ 818,432,356.81	$ 828,190,701.36	$ 9,758,344.54	$ 21,480,825.31	2.2013
Gaston	204,971	0.835	$ 121,302,550.94	$ 122,755,276.10	$ 1,452,725.16	$ 3,182,792.99	2.1909
Durham	260,420	0.7081	$ 202,800,118.97	$ 205,664,122.91	$ 2,864,003.94	$ 6,111,483.78	2.1339
Vance	43,502	0.798	$ 21,515,947.60	$ 21,785,571.00	$ 269,623.40	$ 569,185.02	2.1110
Wilson	78,917	0.73	$ 45,732,523.18	$ 46,358,996.10	$ 626,472.92	$ 1,262,057.00	2.0145
Burke	89,259	0.52	$ 34,782,146.46	$ 35,451,033.89	$ 668,887.43	$ 1,318,912.58	1.9718
Cleveland	97,936	0.72	$ 47,824,686.72	$ 48,488,918.48	$ 664,231.76	$ 1,300,581.42	1.9580
Orange	129,296	0.998	$ 128,168,928.60	$ 129,453,186.40	$ 1,284,257.80	$ 2,361,205.66	1.8386
Surry	73,388	0.582	$ 31,115,102.70	$ 31,649,726.46	$ 534,623.76	$ 979,744.49	1.8326
Rockingham	91,691	0.705	$ 42,494,084.48	$ 43,096,837.45	$ 602,752.97	$ 1,103,689.47	1.8311
Buncombe	227,875	0.525	$ 148,165,945.78	$ 150,988,154.27	$ 2,822,208.49	$ 5,111,297.13	1.8111
Edgecombe	51,800	0.94	$ 23,360,154.50	$ 23,608,666.78	$ 248,512.28	$ 434,219.20	1.7473
Harnett	109,637	0.735	$ 42,272,853.26	$ 42,847,994.12	$ 575,140.86	$ 989,940.48	1.7212
Johnston	162,746	0.78	$ 89,010,734.34	$ 90,151,897.60	$ 1,141,163.26	$ 1,940,387.21	1.7004
Randolph	140,980	0.555	$ 56,656,619.94	$ 57,677,459.94	$ 1,020,840.00	$ 1,693,759.82	1.6592

APPENDIX 5: PROJECTED PROPERTY TAX CENTS THAT ONE CENT OF MEALS TAX GENERATES

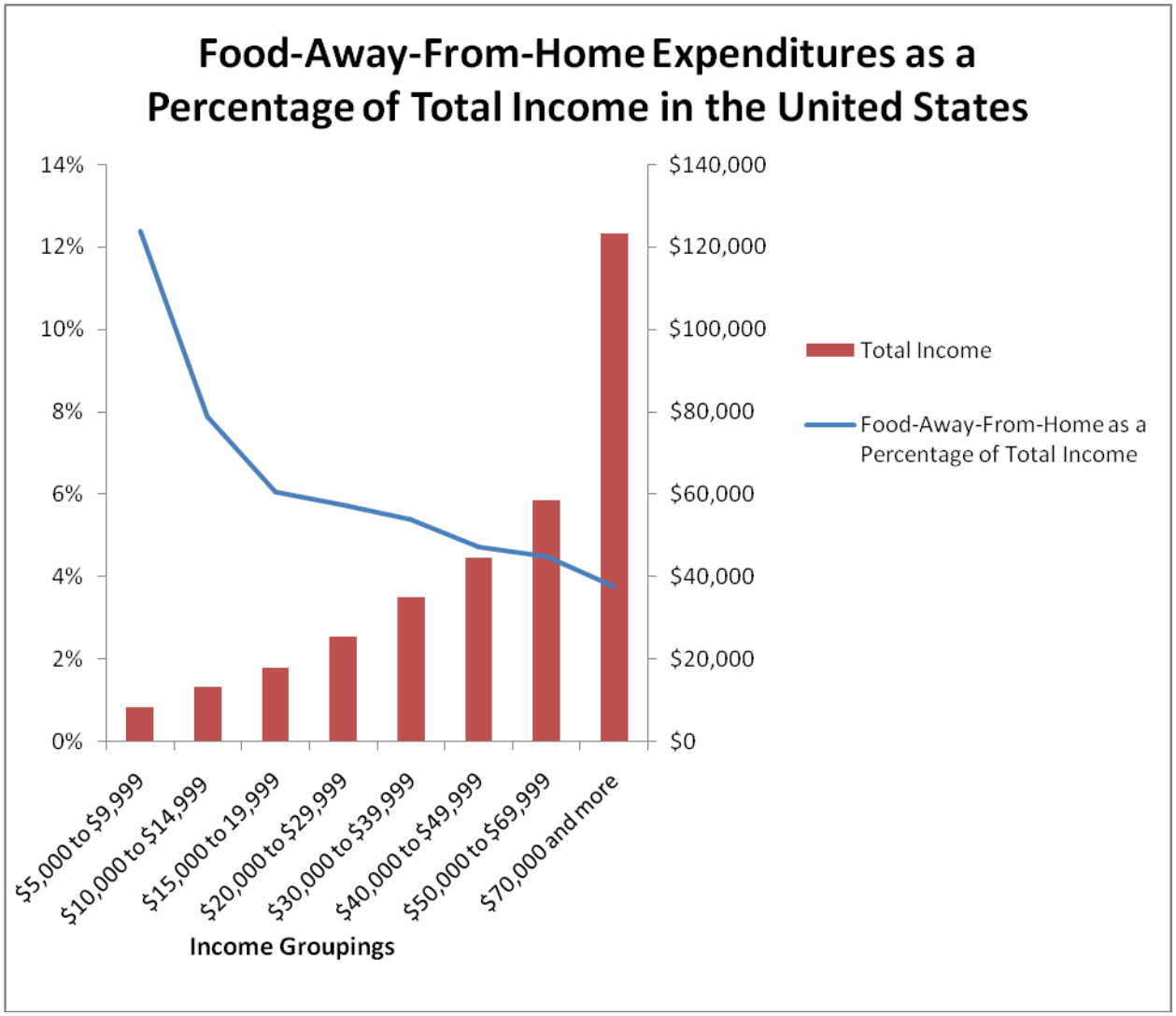
County	Population	Tax Rate	Theoretical Property Tax (Collected at 100%)	Theoretical Property Tax by 1 cent	Amount of an Additional Cent of Theoretical Property Tax	Projected Meals Tax Revenue	Meals Tax Replaces This Many Cents in Theoretical Property Tax
Sampson	65,396	0.845	$ 29,295,159.14	$ 29,641,847.42	$ 346,688.27	$ 574,632.56	1.6575
Stanly	59,714	0.67	$ 27,995,378.36	$ 28,413,219.83	$ 417,841.47	$ 662,484.93	1.5855
Rowan	138,512	0.595	$ 69,543,467.86	$ 70,712,265.64	$ 1,168,797.78	$ 1,852,277.61	1.5848
Lee	57,500	0.75	$ 35,413,817.57	$ 35,886,001.81	$ 472,184.23	$ 746,103.50	1.5801
Davidson	158,866	0.54	$ 69,300,877.55	$ 70,584,227.13	$ 1,283,349.58	$ 1,992,948.29	1.5529
Scotland	37,064	1.02	$ 19,576,007.88	$ 19,767,929.53	$ 191,921.65	$ 296,912.58	1.5471
Richmond	46,842	0.81	$ 23,089,878.40	$ 23,374,938.62	$ 285,060.23	$ 437,919.08	1.5362
Caldwell	80,020	0.6599	$ 36,391,650.16	$ 36,943,122.36	$ 551,472.20	$ 801,397.18	1.4532
Cabarrus	170,406	0.63	$ 130,374,506.03	$ 132,443,942.64	$ 2,069,436.60	$ 2,970,759.15	1.4355
Wake	864,429	0.534	$ 623,287,783.08	$ 634,959,838.95	$ 11,672,055.86	$ 16,729,545.61	1.4333
Duplin	53,431	0.79	$ 24,918,357.21	$ 25,233,779.46	$ 315,422.24	$ 442,039.13	1.4014
New Hanover	192,235	0.4525	$ 151,675,217.47	$ 155,027,155.98	$ 3,351,938.51	$ 4,636,725.37	1.3833
Granville	56,250	0.755	$ 27,293,697.84	$ 27,655,203.77	$ 361,505.93	$ 498,404.75	1.3787
Columbus	54,758	0.815	$ 27,183,138.06	$ 27,516,673.49	$ 333,535.44	$ 449,044.32	1.3463
McDowell	44,562	0.55	$ 17,048,001.99	$ 17,357,965.67	$ 309,963.67	$ 410,488.56	1.3243
Wilkes	67,297	0.57	$ 31,581,587.04	$ 32,135,649.97	$ 554,062.93	$ 720,455.42	1.3003
Yadkin	38,162	0.76	$ 18,606,522.16	$ 18,851,344.82	$ 244,822.66	$ 303,417.96	1.2393
Beaufort	46,590	0.6	$ 24,679,932.24	$ 25,091,264.44	$ 411,332.20	$ 501,233.81	1.2186
Rutherford	63,555	0.53	$ 31,081,472.14	$ 31,667,915.01	$ 586,442.87	$ 697,410.25	1.1892
Henderson	103,836	0.462	$ 59,857,592.03	$ 61,153,210.91	$ 1,295,618.88	$ 1,527,271.52	1.1788
Iredell	154,135	0.445	$ 89,105,218.89	$ 91,107,583.36	$ 2,002,364.47	$ 2,299,880.47	1.1486
Watauga	45,319	0.313	$ 27,037,275.77	$ 27,901,086.50	$ 863,810.73	$ 986,367.12	1.1419
Haywood	57,108	0.497	$ 34,966,534.94	$ 35,670,086.95	$ 703,552.01	$ 772,107.97	1.0974
Moore	85,280	0.479	$ 55,034,390.14	$ 56,183,333.57	$ 1,148,943.43	$ 1,241,020.52	1.0801
Hertford	23,764	0.91	$ 10,930,897.45	$ 11,051,017.20	$ 120,119.75	$ 122,492.88	1.0198

APPENDIX 5: PROJECTED PROPERTY TAX CENTS THAT ONE CENT OF MEALS TAX GENERATES

County	Population	Tax Rate	Theoretical Property Tax (Collected at 100%)	Theoretical Property Tax by 1 cent	Amount of an Additional Cent of Theoretical Property Tax	Projected Meals Tax Revenue	Meals Tax Replaces This Many Cents in Theoretical Property Tax
Dare	33,955	0.26	$ 45,333,784.07	$ 47,077,391.15	$ 1,743,607.08	$ 1,659,373.85	0.9517
Stokes	46,638	0.6	$ 19,652,723.87	$ 19,980,269.27	$ 327,545.40	$ 308,590.24	0.9421
Lincoln	74,538	0.57	$ 48,307,001.30	$ 49,154,492.55	$ 847,491.25	$ 721,687.34	0.8516
Martin	23,870	0.785	$ 11,988,247.46	$ 12,140,963.98	$ 152,716.53	$ 128,121.33	0.8389
Alexander	36,953	0.535	$ 13,559,514.77	$ 13,812,963.64	$ 253,448.87	$ 205,026.33	0.8089
Person	37,510	0.7	$ 26,816,221.05	$ 27,199,309.92	$ 383,088.87	$ 280,267.09	0.7316
Franklin	57,923	0.8225	$ 32,159,522.13	$ 32,550,519.36	$ 390,997.23	$ 282,216.56	0.7218
Carteret	63,520	0.23	$ 43,927,111.22	$ 45,836,985.62	$ 1,909,874.40	$ 1,224,501.68	0.6411
Pender	51,853	0.65	$ 30,659,206.50	$ 31,130,886.60	$ 471,680.10	$ 294,033.43	0.6234
Davie	40,970	0.66	$ 25,815,261.02	$ 26,206,401.34	$ 391,140.32	$ 234,166.23	0.5987
Transylvania	30,991	0.54	$ 22,391,989.58	$ 22,806,656.05	$ 414,666.47	$ 230,452.17	0.5558
Chatham	60,881	0.653	$ 48,519,463.37	$ 49,262,487.31	$ 743,023.94	$ 408,022.68	0.5491
Cherokee	27,128	0.385	$ 16,396,717.36	$ 16,822,606.12	$ 425,888.76	$ 206,138.15	0.4840
Bladen	32,153	0.74	$ 20,150,500.26	$ 20,422,804.31	$ 272,304.06	$ 129,309.13	0.4749
Brunswick	102,857	0.305	$ 100,748,363.09	$ 104,051,588.11	$ 3,303,225.02	$ 1,361,902.46	0.4123
Macon	34,227	0.2641	$ 24,012,304.75	$ 24,921,517.35	$ 909,212.60	$ 372,406.29	0.4096
Jackson	36,990	0.28	$ 30,343,122.78	$ 31,426,805.74	$ 1,083,682.96	$ 375,617.41	0.3466
Ashe	26,319	0.425	$ 15,767,392.61	$ 16,138,390.08	$ 370,997.47	$ 111,649.12	0.3009
Avery	18,428	0.39	$ 15,998,854.82	$ 16,409,081.87	$ 410,227.05	$ 103,722.85	0.2528
Currituck	23,773	0.32	$ 26,189,971.03	$ 27,008,407.63	$ 818,436.59	$ 139,184.71	0.1701
Polk	18,992	0.68	$ 14,031,702.35	$ 14,238,050.91	$ 206,348.56	$ 19,064.93	0.0924
Chowan	14,687	0.65	$ 9,282,605.57	$ 9,425,414.89	$ 142,809.32	$ (4,557.57)	(0.0319)
Mitchell	16,034	0.52	$ 6,456,823.50	$ 6,580,993.18	$ 124,169.68	$ (11,282.19)	(0.0909)
Madison	20,810	0.51	$ 9,564,464.75	$ 9,752,003.28	$ 187,538.52	$ (44,565.21)	(0.2376)
Hoke	44,432	0.7	$ 16,170,372.63	$ 16,401,377.95	$ 231,005.32	$ (93,370.36)	(0.4042)

APPENDIX 5: PROJECTED PROPERTY TAX CENTS THAT ONE CENT OF MEALS TAX GENERATES

County	Population	Tax Rate	Theoretical Property Tax (Collected at 100%)	Theoretical Property Tax by 1 cent	Amount of an Additional Cent of Theoretical Property Tax	Projected Meals Tax Revenue	Meals Tax Replaces This Many Cents in Theoretical Property Tax
Warren	19,918	0.92	$ 13,651,020.98	$ 13,799,401.64	$ 148,380.66	$ (65,419.24)	(0.4409)
Greene	21,205	0.756	$ 7,394,252.03	$ 7,492,059.60	$ 97,807.57	$ (60,399.41)	(0.6175)
Jones	10,292	0.7	$ 5,017,020.22	$ 5,088,691.94	$ 71,671.72	$ (140,472.37)	(1.9599)
Gates	11,836	0.975	$ 5,482,874.07	$ 5,539,108.67	$ 56,234.61	$ (127,394.48)	(2.2654)
Alleghany	11,125	0.43	$ 7,731,084.28	$ 7,910,876.94	$ 179,792.66		
Anson	25,368	0.894	$ 12,910,563.99	$ 13,054,977.46	$ 144,413.47		
Bertie	20,074	0.78	$ 8,476,192.26	$ 8,584,861.40	$ 108,669.13		
Camden	9,730	0.59	$ 6,612,787.73	$ 6,724,868.88	$ 112,081.15		
Caswell	23,422	0.629	$ 9,199,466.18	$ 9,345,721.60	$ 146,255.42		
Clay	10,458	0.43	$ 6,345,996.32	$ 6,493,577.63	$ 147,581.31		
Craven	97,757	0.61	$ 42,595,327.59	$ 43,293,611.65	$ 698,284.06		
Cumberland	316,914	0.86	$ 144,910,701.59	$ 146,595,709.75	$ 1,685,008.16		
Graham	8,087	0.6	$ 5,094,438.65	$ 5,179,345.96	$ 84,907.31		
Halifax	55,217	0.68	$ 24,079,280.67	$ 24,433,387.74	$ 354,107.07		
Hyde	5,516	0.715	$ 5,738,004.41	$ 5,818,256.22	$ 80,251.81		
Montgomery	27,651	0.58	$ 13,201,173.28	$ 13,428,779.72	$ 227,606.44		
Northampton	21,168	0.78	$ 14,500,583.28	$ 14,686,488.20	$ 185,904.91		
Pamlico	12,892	0.6525	$ 8,983,203.75	$ 9,120,877.37	$ 137,673.62		
Pasquotank	41,330	0.55	$ 17,996,048.21	$ 18,323,249.08	$ 327,200.88		
Perquimans	12,962	0.41	$ 6,878,578.10	$ 7,046,348.30	$ 167,770.20		
Swain	13,982	0.33	$ 4,537,558.04	$ 4,675,059.80	$ 137,501.76		
Tyrrell	4,280	0.74	$ 3,122,164.17	$ 3,164,355.58	$ 42,191.41		
Union	191,108	0.665	$ 149,731,532.40	$ 151,983,134.39	$ 2,251,601.99		
Washington	13,172	0.79	$ 6,191,794.49	$ 6,270,171.64	$ 78,377.15		
Yancey	18,592	0.45	$ 11,708,884.78	$ 11,969,082.22	$ 260,197.44		


Food-Away-From-Home Expenditures as a Percentage of Total Income in the United States
14%
12%
10%
8%
6%
4%
2%
0%
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
Total Income
Food-Away-From-Home as a Percentage of Total Income
$5,000 to $9,999
$10,000 to $14,999
$15,000 to 19,999
$20,000 to $29,999
$30,000 to $39,999
$40,000 to $49,999
$50,000 to $69,999
$70,000 and more
Income Groupings