SNAP State Benefit Cost-Sharing Due to Payment Error Rates

Section 9J.14 requires that a portion of local sales tax distributed to counties (and ultimately municipalities and special districts, such as fire districts) be withheld to fund SNAP benefits in years the State's payment error rate (PER) triggers a cost-sharing obligation from the federal government resulting from changes in Public Law 119-21 (H.R. 1). Such withholdings and payments would begin October 1, 2027. As background, local sales tax is collected at the state level and then distributed to local governments. The first 2% of sales tax generated about $4.9 billion in FY 2024-25.

Using federal FY 2024-25 PER data, FRD estimates the State would be required to pay about $150 million as its share per federal requirements. The table below shows the methodology the bill sets out for determining the amount of local sales tax to be withheld in applicable years, which is the total (or sum) of two parts:

- Part I applies to all 100 counties regardless of their PER (which totals about $37 million that would have been withheld), and
- Part II only applies to counties with a county penalty factor (which totaled about $113 million of the State's $150 million cost share requirement estimate).

As Table 10 below shows, all 100 counties will have 0.75% of their local sales tax withheld and used to pay for SNAP benefits, and counties with certain error rates will have an additional portion of local sales tax withheld.

The amounts each county is estimated to be required to have withheld from their local sales tax distribution for the State's benefit cost-share obligation under the bill's requirements can be found in Appendix B. These estimates are based on FY 2024-25 distributions of the first 2 cents of local sales tax and are not intended to reflect actual cost-share amounts.

Table 9: The Sum of 2 Methods Determines the Amount Counties Contribute to SNAP Benefits

<table>
<tr><th>Part</th><th>Applies to</th><th colspan="3"></th></tr>
<tr><td>I</td><td></td><td colspan="3">0.75% of a County’s First 2 cents of Local Sales Tax Revenues</td></tr>
<tr><td rowspan="2">II</td><td rowspan="2">Counties with a Payment Error Rate Dollar Amount</td><td>factor (which is essentially the ratio of the statewide Payment Error Rate dollar amount attributable to that county)</td><td>x</td><td>County’s First 2 cents of Local Sales Tax Revenues</td></tr>
<tr><td>Step 2. Result of Step 1</td><td>x</td><td>the State is required to pay toward SNAP benefit costs - Total of all 100 First 2 cents of Local Sales Tax Revenues
and its first 2 cents of Local Sales Tax Revenues</td></tr>
<tr><td>Total Withheld</td><td>Counties + Counties with Certain Error Rates</td><td colspan="3">Sum of Above Steps</td></tr>
</table>

Note: Such withholding would only occur in years where the State’s Payment Error Rate results in a benefit cost-sharing fiscal obligation.

Appendix B: Estimate of NC SNAP Benefit Cost-Share by County for State FY 2027-28

Note: This table is for illustrative purposes only and is not intended to reflect actual cost-share amounts.

NC SNAP Benefit Cost-Share County Breakdown									
#	County	County Sales Tax FY 2024-25	SNAP PER $ FFY 2024-25	Penalty Factor (Share of State's Total PER $)	Proportional Penalty $	Flat Penalty $ (0.75% of Sales Tax)	Total , Annualized Penalty $	Total, Annualized Penalty (% of Sales Tax)	Penalty for SFY 2027-28 (Oct. 1 - June 30)
1	ALAMANCE	$85,962,255	$364	0.015	$680,022	$644,717	$1,324,739	1.54%	$993,554
2	ALEXANDER	$11,028,594	$209	0.009	$50,093	$82,714	$132,808	1.20%	$99,606
3	ALLEGHANY	$4,230,330		-	-	$31,727	$31,727	0.75%	$23,796
4	ANSON	$6,725,347	$134	0.005	$19,585	$50,440	$70,026	1.04%	$52,519
5	ASHE	$10,884,514	$269	0.011	$63,632	$81,634	$145,266	1.33%	$108,949
6	AVERY	$11,612,146		-	-	$87,091	$87,091	0.75%	$65,318
7	BEAUFORT	$19,449,671	$536	0.022	$226,564	$145,873	$372,436	1.91%	$279,327
8	BERTIE	$4,407,794	$411	0.017	$39,371	$33,058	$72,429	1.64%	$54,322
9	BLADEN	$9,842,032		-	-	$73,815	$73,815	0.75%	$55,361
10	BRUNSWICK	$85,509,950	$221	0.009	$410,698	$641,325	$1,052,023	1.23%	$789,017
11	BUNCOMBE	$158,434,703	$151	0.006	$519,925	$1,188,260	$1,708,185	1.08%	$1,281,139
12	BURKE	$32,896,222	$135	0.006	$96,515	$246,722	$343,236	1.04%	$257,427
13	CABARRUS	$116,452,394	$1,075	0.044	$2,720,636	$873,393	$3,594,029	3.09%	$2,695,522
14	CALDWELL	$29,115,770		-	-	$218,368	$218,368	0.75%	$163,776
15	CAMDEN	$3,316,027		-	-	$24,870	$24,870	0.75%	$18,653
16	CARTERET	$43,333,497		-	-	$325,001	$325,001	0.75%	$243,751
17	CASWELL	$5,279,112	$517	0.021	$59,315	$39,593	$98,908	1.87%	$74,181
18	CATAWBA	$79,495,973		-	-	$596,220	$596,220	0.75%	$447,165
19	CHATHAM	$32,847,330		-	-	$246,355	$246,355	0.75%	$184,766
20	CHEROKEE	$13,018,212		-	-	$97,637	$97,637	0.75%	$73,227
21	CHOWAN	$5,814,006		-	-	$43,605	$43,605	0.75%	$32,704
22	CLAY	$4,130,596		-	-	$30,979	$30,979	0.75%	$23,235
23	CLEVELAND	$42,998,415	$310	0.013	$289,686	$322,488	$612,174	1.42%	$459,131
24	COLUMBUS	$16,339,655	$146	0.006	$51,845	$122,547	$174,393	1.07%	$130,795
25	CRAVEN	$43,939,721		-	-	$329,548	$329,548	0.75%	$247,161
26	CUMBERLAND	$141,096,455	$399	0.016	$1,223,496	$1,058,223	$2,281,720	1.62%	$1,711,290
27	CURRITUCK	$18,274,908		-	-	$137,062	$137,062	0.75%	$102,796
28	DARE	$46,101,253		-	-	$345,759	$345,759	0.75%	$259,320
29	DAVIDSON	$60,990,530	$1,141	0.047	$1,512,383	$457,429	$1,969,812	3.23%	$1,477,359
30	DAVIE	$15,696,829		-	-	$117,726	$117,726	0.75%	$88,295
31	DUPLIN	$17,666,351		-	-	$132,498	$132,498	0.75%	$99,373
32	DURHAM	$187,515,686	$89	0.004	$362,695	$1,406,368	$1,769,062	0.94%	$1,326,797
33	EDGECOMBE	$16,159,732	$175	0.007	$61,459	$121,198	$182,657	1.13%	$136,993
34	FORSYTH	$174,741,668	$1,829	0.075	$6,945,824	$1,310,563	$8,256,387	4.72%	$6,192,290
35	FRANKLIN	$25,101,362	$109	0.004	$59,462	$188,260	$247,722	0.99%	$185,791
36	GASTON	$97,262,181	$866	0.035	$1,830,524	$729,466	$2,559,991	2.63%	$1,919,993
37	GATES	$2,542,057	$177	0.007	$9,778	$19,065	$28,844	1.13%	$21,633
38	GRAHAM	$3,078,652		-	-	$23,090	$23,090	0.75%	$17,317
39	GRANVILLE	$19,590,902	$269	0.011	$114,530	$146,932	$261,462	1.33%	$196,097
40	GREENE	$4,829,191		-	-	$36,219	$36,219	0.75%	$27,164
41	GUILFORD	$255,035,894	$1,926	0.079	$10,675,081	$1,912,769	$12,587,851	4.94%	$9,440,888
42	HALIFAX	$18,177,166		-	-	$136,329	$136,329	0.75%	$102,247
43	HARNETT	$45,948,801	$409	0.017	$408,424	$344,616	$753,040	1.64%	$564,780
44	HAYWOOD	$29,599,351		-	-	$221,995	$221,995	0.75%	$166,496
45	HENDERSON	$53,961,762	$133	0.005	$155,974	$404,713	$560,687	1.04%	$420,515
46	HERTFORD	$7,538,033	$140	0.006	$22,935	$56,535	$79,470	1.05%	$59,603
47	HOKE	$14,124,437		-	-	$105,933	$105,933	0.75%	$79,450
48	HYDE	$2,223,055		-	-	$16,673	$16,673	0.75%	$12,505
49	IREDELL	$98,469,603		-	-	$738,522	$738,522	0.75%	$553,892
50	JACKSON	$21,677,124		-	-	$162,578	$162,578	0.75%	$121,934
51	JOHNSTON	$89,335,509	$575	0.024	$1,116,363	$670,016	$1,786,380	2.00%	$1,339,785
52	JONES	$2,400,560		-	-	$18,004	$18,004	0.75%	$13,503
53	LEE	$29,670,415		-	-	$222,528	$222,528	0.75%	$166,896
54	LENOIR	$20,439,491		-	-	$153,296	$153,296	0.75%	$114,972
55	LINCOLN	$38,114,645		-	-	$285,860	$285,860	0.75%	$214,395
56	MACON	$20,550,113		-	-	$154,126	$154,126	0.75%	$115,594
57	MADISON	$6,851,191		-	-	$51,384	$51,384	0.75%	$38,538
58	MARTIN	$7,776,398		-	-	$58,323	$58,323	0.75%	$43,742
59	MCDOWELL	$18,010,060		-	-	$135,075	$135,075	0.75%	$101,307
60	MECKLENBURG	$650,969,138	$4,030	0.165	$57,013,677	$4,882,269	$61,895,946	9.51%	$46,421,960

NC SNAP Benefit Cost-Share County Breakdown									
#	County	County Sales Tax FY 2024-25	SNAP PER $ FFY 2024-25	Penalty Factor (Share of State's Total PER $)	Proportional Penalty $	Flat Penalty $ (0.75% of Sales Tax)	Total , Annualized Penalty $	Total, Annualized Penalty (% of Sales Tax)	Penalty for SFY 2027-28 (Oct. 1 - June 30)
61	MITCHELL	$6,239,562		-	-	$46,797	$46,797	0.75%	$35,098
62	MONTGOMERY	$8,722,942		-	-	$65,422	$65,422	0.75%	$49,067
63	MOORE	$54,955,410	$135	0.006	$161,234	$412,166	$573,400	1.04%	$430,050
64	NASH	$41,551,702	$232	0.009	$209,503	$311,638	$521,141	1.25%	$390,856
65	NEW HANOVER	$150,712,672	$672	0.027	$2,201,064	$1,130,345	$3,331,409	2.21%	$2,498,557
66	NORTHAMPTON	$4,782,745		-	-	$35,871	$35,871	0.75%	$26,903
67	ONSLOW	$84,989,716	$491	0.020	$906,904	$637,423	$1,544,327	1.82%	$1,158,245
68	ORANGE	$61,599,034	$178	0.007	$238,291	$461,993	$700,284	1.14%	$525,213
69	PAMLICO	$4,418,935		-	-	$33,142	$33,142	0.75%	$24,857
70	PASQUOTANK	$19,400,659		-	-	$145,505	$145,505	0.75%	$109,129
71	PENDER	$26,652,109	$91	0.004	$52,709	$199,891	$252,600	0.95%	$189,450
72	PERQUIMANS	$4,147,789	$768	0.031	$69,230	$31,108	$100,338	2.42%	$75,253
73	PERSON	$15,220,552		-	-	$114,154	$114,154	0.75%	$85,616
74	PITT	$75,146,405	$366	0.015	$597,727	$563,598	$1,161,325	1.55%	$870,994
75	POLK	$7,439,350		-	-	$55,795	$55,795	0.75%	$41,846
76	RANDOLPH	$57,565,887	$702	0.029	$878,245	$431,744	$1,309,990	2.28%	$982,492
77	RICHMOND	$16,435,874	$852	0.035	$304,331	$123,269	$427,600	2.60%	$320,700
78	ROBESON	$42,274,847	$61	0.002	$56,044	$317,061	$373,105	0.88%	$279,829
79	ROCKINGHAM	$32,558,812	$121	0.005	$85,618	$244,191	$329,810	1.01%	$247,357
80	ROWAN	$55,987,654		-	-	$419,907	$419,907	0.75%	$314,931
81	RUTHERFORD	$24,926,515		-	-	$186,949	$186,949	0.75%	$140,212
82	SAMPSON	$20,428,349		-	-	$153,213	$153,213	0.75%	$114,909
83	SCOTLAND	$11,614,934		-	-	$87,112	$87,112	0.75%	$65,334
84	STANLY	$27,022,988		-	-	$202,672	$202,672	0.75%	$152,004
85	STOKES	$13,970,543		-	-	$104,779	$104,779	0.75%	$78,584
86	SURRY	$33,429,466		-	-	$250,721	$250,721	0.75%	$188,041
87	SWAIN	$6,134,096		-	-	$46,006	$46,006	0.75%	$34,504
88	TRANSYLVANIA	$15,640,580	$269	0.011	$91,436	$117,304	$208,741	1.33%	$156,556
89	TYRRELL	$1,190,303		-	-	$8,927	$8,927	0.75%	$6,695
90	UNION	$98,026,534	$915	0.037	$1,949,299	$735,199	$2,684,498	2.74%	$2,013,373
91	VANCE	$17,545,140	$78	0.003	$29,742	$131,589	$161,330	0.92%	$120,998
92	WAKE	$592,175,172	$1,421	0.058	$18,287,649	$4,441,314	$22,728,963	3.84%	$17,046,722
93	WARREN	$4,967,339		-	-	$37,255	$37,255	0.75%	$27,941
94	WASHINGTON	$3,693,679	$266	0.011	$21,353	$27,703	$49,055	1.33%	$36,792
95	WATAUGA	$31,838,915		-	-	$238,792	$238,792	0.75%	$179,094
96	WAYNE	$47,147,790	$79	0.003	$80,947	$353,608	$434,556	0.92%	$325,917
97	WILKES	$24,829,391		-	-	$186,220	$186,220	0.75%	$139,665
98	WILSON	$35,764,099		-	-	$268,231	$268,231	0.75%	$201,173
99	YADKIN	$11,795,504		-	-	$88,466	$88,466	0.75%	$66,350
100	YANCEY	$6,895,111		-	-	$51,713	$51,713	0.75%	$38,785
TOTALS		$4,938,423,870	$24,442		$112,961,821	$37,038,179	$150,000,000		$112,500,000