Cabarrus County Municipal Meeting

CABCO GROUP CHAT

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Food assistance and local sales-tax revenue

H.R. 1-One Big Beautiful Bill (Federal) + Senate Bill 257 (State)

Why could our city or town receive less sales-tax revenue?

Let's connect the changes to your local budget.

Food assistance and our local economy

Is SNAP the same as FNS, and who runs it?

SNAP: Supplemental Nutrition Assistance Program

FNS: Food and Nutrition Services, North Carolina's name for SNAP

Food benefits each year

$43.2 million dollars that supports households and local food retailers

Approximately 21,500 residents are served.

Yes, both names are used, but it is one federal food assistance program that is offered through local DSS agencies within counties.

Federal law creates the State's share

- H.R. 1 / P.L. 119-21
- One Big Beautiful Bill Act (common name)
- Signed July 4, 2025

NC law collects it from local sales tax

- SB 257 / S.L. 2026-41
- Current Operations Appropriations Act of 2026
- Signed July 7, 2026

- Establishes a mechanism for funding any future state obligation to contribute toward SNAP benefit costs imposed by Congress under recently enacted federal law including withholding funds from sales tax allocations
- Shifts responsibility for administrative costs to Counties
- Benefit cost responsibility based on payment error rates
- NC DOR can reduce sales tax revenue for local governments beginning October 1, 2027

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How will new federal and state laws impact local budgets?

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State error rate	Below 6%	6% to below 8%	8% to below 10%	10% or higher
State share of food-benefit costs	0%	5%	10%	15%

The State collects its share before County, cities and towns divide the local sales-tax money.

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Are payment errors the same as fraud?

An error is an incorrect benefit amount

A household received more or less food assistance than it should have.

What can cause this is incorrect customer information used when determining benefits

- NCDHHS calculates county assessments
- The Department of Revenue withholds the funds
- The withholding occurs through county sales-tax distributions beginning October 1, 2027

Error dollars are incorrect benefits. An error alone does not establish fraud.

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How will the state error rate impact local governments?

State reviewers check a sample of cases and document incorrect benefits under federal rules. "Assigned" means the State counts those error dollars as Cabarrus's share of the statewide total for that year.

North Carolina error rate	Cabarrus assigned error dollars	Local benefit charge
Below 6%, including 0%	Any result 0 or some error dollars	**$0** **No benefit charge**
6% or higher	0 error dollars	**Base only** **0.75% of allocation**
6% or higher	Some error dollars	**Base + added charge** **Includes the 0.75% base**

State error rate: counted incorrect benefit dollars as a percentage of benefits issued.

The State's overall 6% threshold trigger is impacted by all counties in NC. Cabarrus error dollars can add a charge even if our error rate is below 6%.

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Estimated annual reduction for each municipality

Municipality	0.75% base only	Estimate using 2025 data
City of Concord	$192,331	$791,447
City of Kannapolis*	$85,561	$352,084
Town of Harrisburg	$37,395	$153,883
Town of Midland	$3,705	$15,245
Town of Mount Pleasant	$2,272	$9,348
City of Locust*	$987	$4,062
Town of Huntersville*	$4	$17

* Extends into another county. Cabarrus portion only. Estimates use FY 2025–26 sales-tax shares, which can change.

If the State owes $0, each municipality's benefit charge is $0.

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Who pays the annual estimate using 2025 data?

$4,983,881

Combined annual impact

Full year with both costs, using 2025 data

Cities and towns together	County government
$1,326,086	$3,657,795

How the total adds up

$1,389,852	+	**$3,594,029**	=	**$4,983,881**
Added operating cost County only		Food benefits County + municipalities		Combined impact

The County pays all added operating costs. Benefit costs are shared with cities and towns.

What the County and municipalities can do together

How can we help residents and protect local revenue?

County: accurate benefits

Training and quality reviews

Maintain staff training and check the quality of eligibility decisions.

Tools and staff capacity

Support checks of income, household information and benefit calculations.

Municipalities: timely reminders

Use familiar communication channels

Utility bill inserts, local newsletters and recreation centers can share reminders.

Help residents respond to DSS

Encourage complete information, updated contact details and responses on time.

Accurate benefits help residents and can reduce the added local charge.
Municipal reminders can help customers respond to DSS on time.

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Dates for municipal budget planning

February estimates will guide spring budget planning

October 1, 2026	February 1, 2027	Spring 2027	October 1, 2027
Added County operating cost begins, even if the benefit charge is $0.	State's initial county assessment estimates are due.	County and municipal finance teams review updated estimates for next-year budgets.	Benefit-charge withholding can begin if the State owes a share, subject to federal rules.

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Thank you!
Any questions?