

March 18, 2025

Dear Southport Board of Aldermen,

On behalf of the hospitality community in Southport and across North Carolina, we want to express our ardent opposition to your recently passed resolution asking the North Carolina General Assembly to allow you to levy a 1% prepared food and beverage tax/meals.

We want to address some seeming misunderstandings regarding a prepared food and beverage tax quoted in a recent [WECT6 article](#). A 1% prepared food and beverage tax is not only paid in a restaurant when you eat out, it also includes prepared foods from grocery stores such as a hot bar or a deli station.

Another misconception about prepared food and beverage taxes is that it is paid for by tourists. Unlike the hotel occupancy tax, which is paid by tourists, the bulk of prepared food tax collections are paid by local citizens. This is a year-round tax. When your tourists leave for the summer season, the tax will not go with them.

Targeted taxation on food is a highly regressive tax. This tax would disproportionately affect lower-income residents who rely on affordable dining options. Many people are not able to eat all their meals at home. Many rely on restaurants to meet their needs, on their way to work or picking up their kids from school.

We have already seen food prices soar in the last few years due to increased inflation. An additional tax now on food and beverages at restaurants and grocery stores makes this tax proposal even more egregious.

There is also the burden of a prepared food and beverage tax on your local businesses. Restaurateurs must consider each additional tax when they look at the total for their bill. Customers look at their totals and make budgetary decisions based on these totals. When you put on these taxes it impacts what can be charged for meal.

Local restaurants will also bear the burden of collecting a new tax, the logistical impact and cost of the collection. Not only will they have to change their point-of-sale systems and have a new tax to collect and remit, but they will also have to pay the credit card fees to collect the new tax.

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We understand that every community, like every household, has many needs and wants that they would like to fill. However, every community, like every household, must make tough decisions to prioritize those needs within their budgets.

Although we understand that municipalities are limited to what revenue stream they can raise, Southport's sales tax is still at the low end. Working with Brunswick County and your neighboring towns to increase the sales tax would allow you to raise more funding for needs. This would apply across the board to all retail businesses, without solely targeting food sources for taxation.

We hope to work with you on continuing to make Southport an incredible destination to live, work and visit. We stand ready to help you and support you in finding other mechanisms by which to pay for general fund needs.

Sincerely,



Lynn Minges
President & CEO

CC: Senator Bill Rabon
Representative Charlie Miller
Representative Frank Iller