

## **Sales Tax Refund Coming Soon to CHEC Members**

On Thursday, May 12, 2011, CHEC received two refund checks in settlement of the litigation with the North Carolina Department of Revenue over sales and franchise taxes paid under protest from 2000 – 2009. The refund for sales tax payments totaled \$5,287,875.37 and the franchise tax refund totaled \$5,250,082.27. The refunds included interest at the rate of 8% through May 15, 2011.

CHEC staff will begin the process of refunding the sales taxes to the members that paid those taxes from 2000-2009. The sales tax refund will be processed using a program custom designed by the Cooperative's consumer billing software company. When the refunds are calculated they will first be applied to any balance due on a member's electric account. Remaining balances will be refunded by check to all current and past members that paid sales tax to CHEC from 2000-2009. The refunds to members will include interest at the rate of 8%. Because of the volume of checks to be processed, CHEC anticipates completing the sales tax refund process in June, 2011.

The franchise tax, which was paid by the Cooperative, must be recognized as income in 2011 and allocated to members in the form of capital credits. The refund, including 8% interest, will be allocated to CHEC members that had electric accounts during the years 2001-2009 and will be refunded in future capital credit retirements.