

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 148*
PROPOSED COMMITTEE SUBSTITUTE H148-PCS10595-LBx-2

Short Title: Congestion Relief/Intermodal Transport Fund.

(Public)

Sponsors:

Referred to:

February 12, 2009

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A CONGESTION RELIEF AND INTERMODAL
TRANSPORTATION 21ST CENTURY FUND, TO PROVIDE FOR ALLOCATION OF
THOSE FUNDS TO: (1) LOCAL GOVERNMENTS AND TRANSPORTATION
AUTHORITIES FOR PUBLIC TRANSPORTATION PURPOSES, (2) SHORT-LINE
RAILROADS, FOR ASSISTANCE IN MAINTAINING AND EXPANDING FREIGHT
SERVICE STATEWIDE, (3) RAILROADS FOR INTERMODAL FACILITIES,
MULTIMODAL FACILITIES, AND INLAND PORTS, (4) MAKE CAPITAL
IMPROVEMENTS ON RAIL LINES TO ALLOW IMPROVED FREIGHT SERVICE TO
THE PORTS AND MILITARY INSTALLATIONS, (5) EXPAND INTERCITY
PASSENGER RAIL SERVICE, TO EXTEND LEVELS OF LOCAL TRANSIT
FUNDING AUTHORIZATION TO THREE URBAN REGIONS, AND ALLOW OTHER
LOCAL GOVERNMENTS OPTIONS FOR LOCAL TRANSIT FUNDING.

The General Assembly of North Carolina enacts:

CHAPTER I. Fund Created.

SECTION 1. Chapter 136 of the General Statutes is amended by adding a new
Article to read:

"Article 19.

"Congestion Relief and Intermodal 21st Century Transportation Fund.

"§ 136-250. Congestion Relief and Intermodal Transportation 21st Century Fund.

There is established in the State treasury the Congestion Relief and Intermodal
Transportation 21st Century Fund, hereinafter referred to as the Fund. The Fund shall consist of
all revenues appropriated and allocated to it. Interest on earnings of the Fund shall remain
within the Fund.

"§ 136-251. Findings of fact.

The General Assembly finds that:

- (1) Accelerated use of rail for transport of freight will reduce highway
congestion as well as allow economic expansion in a way that lessens the
impact on the State highway system.
- (2) Public transportation, in addition to a program of urban loops and toll roads,
will enable North Carolina to have a balanced 21st century transportation
system.
- (3) As part of its initial program of internal improvements, the State capitalized
the North Carolina Railroad in the 1840s and invested in other railroads, and



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1 those internal improvements led to North Carolina's rapid economic
2 development. The North Carolina Railroad, with a 317-mile corridor from
3 Charlotte to Morehead City, is still owned by the State.

4 (4) Improved rail facilities and restoration of abandoned rail lines can allow
5 increased access to the North Carolina State ports and military installations
6 located within the State.

7 (5) Session Law 2005-222 found that expanding and upgrading passenger,
8 freight, commuter, and short-line rail service is important to the economy of
9 North Carolina; and provided that the State would seek to provide matching
10 funds partly so it can leverage the maximum federal and private participation
11 to fund needed rail initiatives, such as the restoration of the rail corridor
12 from Wallace to Castle Hayne, and a rail connection between north-south
13 and east-west routes in the vicinity of Pembroke.

14 (6) Rail freight plays a vital role in economic development throughout the State.
15 Intermodal service depends on partnerships with railroads, trucking
16 companies, seaports, and others in the transportation logistics chain. North
17 Carolina has 3,250 mainline miles of track, with Class I railroads holding
18 seventy-nine percent (79%) of the trackage rights, the remainder controlled
19 by local railroads and switching and terminal railroads. The 2006 Mid-Cycle
20 Update to the North Carolina Statewide Intermodal Transportation Plan
21 identified seven hundred ninety-nine million dollars (\$799,000,000) in
22 freight rail needs over the next 25 years, including maintenance and
23 preservation, modernization, and expansion.

24 (7) North Carolina's short-line railroads play a key role in the State's economic
25 development and transportation service and are needed to provide essential
26 services to other modes of transportation and the North Carolina port system.
27 North Carolina agriculture is dependent upon essential service by short-line
28 railroads. State funds are needed to maintain short-line railroads as a viable
29 contributor to economic development, agriculture, and transportation in this
30 State in order to prevent the loss of regional rail service. The Department of
31 Transportation reported that 44,992 rail cars handled by short-lines kept
32 179,688 trucks off North Carolina highways. Short-line railroads are
33 essential to preserve and develop jobs in rural and small urban areas of
34 North Carolina.

35 (8) Intermodal facilities and inland ports can greatly reduce freight traffic on
36 North Carolina's highway system, reducing demand, congestion, and
37 damage.

38 (9) The proposed North Carolina International Terminal will need high-capacity
39 intermodal access.

40 (10) Most of North Carolina's growth is in its urban regions. According to the
41 State Data Center, during the first decade of the 21st century, sixty-six
42 percent (66%) of the projected 1,270,000 growth in population is in 15 urban
43 counties surrounding Charlotte, Raleigh, and the Triad, while forty percent
44 (40%) is in just six counties: Mecklenburg, Wake, Durham, Orange, Forsyth,
45 and Guilford.

46 (11) This large urban population growth greatly taxes resources. Despite the
47 visionary creation of the Highway Trust Fund by the 1989 General
48 Assembly and the funding of urban loop highways, congestion continues to
49 worsen. Creation of a special fund to help meet urban transportation needs
50 with alternatives such as rail transit and buses, coupled with land-use
51 planning, will spur and guide economic development in a more

1 economically and environmentally sound manner. Investment in public
2 transportation facilitates economic opportunity to the State through job
3 creation, access to employment, and residential and commercial
4 development. Public transportation also protects the public health by
5 decreasing air pollution and reducing carbon emissions. It reduces traffic
6 congestion, road expenditures, public and private parking costs, and the
7 number of traffic accidents. Charlotte's recent success in opening the first
8 phase of its light rail system, with ridership significantly over projections,
9 shows that North Carolinians are willing to use transportation alternatives.

10 (12) Significant local revenues are needed to match State funds so that a major
11 portion of the expenses is borne by the localities receiving the majority of
12 the benefits. A local option sales tax for public transportation was approved
13 by a fifty-eight percent (58%) favorable vote in Mecklenburg County in
14 1998, and reaffirmed by a seventy percent (70%) favorable vote in 2008.
15 Extending this authority to additional jurisdictions, along with other revenue
16 options, will enable localities to demonstrate local support for additional
17 transit options.

18 (13) Surveys have indicated broad public support for providing additional public
19 transportation options and for allowing localities to generate revenue to
20 match State grants.

21 **"§ 136-252. Grants to local governments and transportation authorities.**

22 (a) Cities, counties, transportation authorities under Article 25 of Chapter 160A of the
23 General Statutes, regional public transportation authorities under Article 26 of Chapter 160A of
24 the General Statutes, and regional transportation authorities under Article 27 of Chapter 160A
25 of the General Statutes may receive grants from the Fund for public transportation purposes,
26 including planning and engineering.

27 (b) No grant may be approved from the Fund unless:

28 (1) The application is approved by all Metropolitan Planning Organizations
29 under Article 16 of this Chapter whose jurisdiction includes any of the
30 service area of the grant applicant.

31 (2) The applicant has approved a transit plan that includes local planning
32 policies that include the following:

33 a. Relief of traffic congestion.

34 b. Improvement of air quality.

35 c. Reduction in energy consumption.

36 d. Promotion of a pedestrian- and bike-friendly environment around and
37 connected to transit stations.

38 In addition, the applicant may also include plans for new public
39 transportation services and public transportation alternatives beyond those
40 required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101,
41 et seq.) that assist individuals with disabilities with transportation, including
42 transportation to and from jobs and employment support services.

43 (3) The applicant has approved a housing needs assessment and plan that
44 includes the following:

45 a. A housing inventory of market rate, assisted housing units, and
46 vacant residential parcels.

47 b. An analysis of existing housing conditions, affordable housing needs,
48 and housing needs for specific populations groups, such as people
49 who are elderly, are disabled, have special needs, or are homeless.

50 c. A catalogue of available resources to address housing needs.

- 1 d. Identification of potential resources to provide replacement housing
2 for low-income residents displaced by transit development and to
3 increase stock of affordable housing to at least thirty percent (30%)
4 within a one-half mile radius of a transit station or bus hub to be
5 affordable to families with income below sixty percent (60%) of area
6 median income.
7 e. Goals, strategies, and actions to address housing needs over a
8 five-year period.

9 (4) The applicant has an adequate and sustainable source of funding established
10 for its share of project costs.

11 (c) Grants from the Fund may be committed for a multiyear basis to stabilize the phased
12 implementation of a plan, including multiyear allotments. The Secretary of Transportation,
13 after consultation with the Board of Transportation, shall approve, and amend from time to
14 time, a rolling multiyear projection of up to 15 years for allocation of funds under this section.
15 No applicant is eligible under the 15-year plan projection for more than one-third of the total
16 funds to be granted under this Article during that 15-year period.

17 (d) No grant under this section may exceed twenty-five percent (25%) of the cost of the
18 project and must be matched by an equal or greater amount of funds by the applicant. In
19 evaluating projects, qualification for federal funding shall be considered.

20 **"§ 136-253. Grants to other units.**

21 (a) Grants from the Fund may also be made to State agencies and railroads for the
22 following purposes:

23 (1) Assistance to short-line railroads to continue and enhance rail service in the
24 State so as to assist in economic development and access to ports and
25 military installations. This may involve both the Rail Industrial Access
26 Program and the Short Line Infrastructure Access Program, as well as other
27 innovative programs. Grants under this subdivision shall not exceed fifty
28 percent (50%) of the nonfederal share and must be matched by equal or
29 greater funding from the applicant. Total grants under this subdivision may
30 not exceed five million dollars (\$5,000,000) per fiscal year.

31 (2) Assistance to any railroad in construction of (i) rail improvements and
32 restorations and intermodal or multimodal facilities to serve ports and
33 military installations; and (ii) inland ports to reduce truck traffic on the
34 highway system. Grants under this subdivision shall not exceed fifty percent
35 (50%) of the nonfederal share and must be matched by equal or greater
36 funding from the applicant. Total grants under this subdivision may not
37 exceed ten million dollars (\$10,000,000) per fiscal year.

38 (3) Assistance (i) to the State ports in terminal railroad facilities and operations,
39 (ii) to improve access to military installations, and (iii) to the North Carolina
40 International Terminal. Grants under this subdivision shall not exceed fifty
41 percent (50%) of the nonfederal share and must be matched by equal or
42 greater funding from the applicant. Total grants under this subdivision may
43 not exceed ten million dollars (\$10,000,000) per fiscal year.

44 (4) Expansion of intercity passenger rail service, including increased frequency
45 and additional cities serviced. Routes under this section must extend beyond
46 the territorial jurisdiction of a transportation authority.

47 (b) Grants from the Fund may also be made to State agencies, railroads, transportation
48 authorities under Article 25 of Chapter 160A of the General Statutes, regional public
49 transportation authorities under Article 26 of Chapter 160A of the General Statutes, and
50 regional transportation authorities under Article 27 of Chapter 160A of the General Statutes for

1 introduction of commuter rail service. Routes under this section must extend beyond the
2 territorial jurisdiction of a transportation authority.

3 (c) Grants under this section may serve more than one of the four listed purposes.

4 **"§ 136-254. Grant approval.**

5 All grants made under this Article are subject to approval of the Secretary of Transportation
6 after consultation with the Board of Transportation. The Fund may be administered in
7 conjunction with G.S. 136-44.20 and G.S. 136-44.36, but any funds allocated under those
8 sections shall continue to be available as provided therein.

9 **"§ 136-255. Funds remain available until expended.**

10 Appropriations to the Fund remain available until expended."

11 CHAPTER II. Public Transportation Sales Tax.

12 SECTION 2.(a) Section 1(a) of S.L. 1997-417 is recodified as G.S. 105-510.1.

13 SECTION 2.(b) Article 43 of Chapter 105 of the General Statutes, as enacted by
14 S.L. 1997-417 and amended by Section 74 of S.L. 2008-134 and by subsection (a) of this
15 section, reads as rewritten:

16 "Article 43.

17 "Local Government Sales and Use Taxes for Public Transportation.

18 "Part 1. General.

19 **"§ 105-505. Short title; purpose.**

20 This Article is the Local Government Public Transportation Sales Tax Act and may be cited
21 by that name. This Article gives the ~~counties~~ counties and transportation authorities of this
22 State an opportunity to obtain an additional source of revenue with which to meet their needs
23 for financing local public transportation systems. It provides ~~counties~~ them with authority to
24 levy one-half percent (1/2%) sales and use taxes. All such taxes must be approved in a
25 referendum.

26 **"§ 105-506. Definitions.**

27 The definitions in G.S. 105-164.3 and the following definitions apply in this Article:

28 (1) Board of trustees. – The governing body of an Authority.

29 ~~(1)(2)~~ (2) Net proceeds. – Gross proceeds less the cost of administering and collecting
30 the tax.

31 ~~(2)(3)~~ (3) Public transportation system. – Any combination of real and personal
32 property established for purposes of public transportation. The systems may
33 include one or more of the following: structures, improvements, buildings,
34 equipment, vehicle parking or passenger transfer facilities, railroads and
35 railroad rights-of-way, rights-of-way, bus services, shared-ride services,
36 high-occupancy vehicle facilities, car-pool and vanpool programs, voucher
37 programs, telecommunications and information systems, integrated fare
38 systems, and the interconnected bicycle and pedestrian infrastructure that
39 supports public transportation, bus lanes, and busways. The term does not
40 include, however, streets, roads, or highways except to the extent they are
41 dedicated to public transportation vehicles or to the extent they are necessary
42 for access to vehicle parking or passenger transfer facilities.

43 (4) Transportation authority. – For the purposes of Parts 3 and 3A of this
44 Article, a regional public transportation authority created pursuant to Article
45 26 of Chapter 160A of the General Statutes; and for the purposes of Parts 3
46 and 3B of this Article, a regional transportation authority created pursuant to
47 Article 27 of Chapter 160A of the General Statutes.

48 **"§ 105-506.1. Exemption of food.**

49 A tax levied under this Article does not apply to the sales price of food that is exempt from
50 tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant
51 to G.S. 105-467(a)(5a).

"Part 2. Mecklenburg County.**"§ 105-507. Limitations.**

A county may not levy a tax or taxes under this ~~Article-Part~~ unless the county or at least one unit of local government in the county operates a public transportation system. In addition, a county may not levy a tax under this ~~Article-Part~~ unless it has developed a financial plan and distributed it to each unit of local government in the county that operates a local public transportation system. The financial plan must provide for equitable allocation of the net proceeds distributed to the county in consideration of the identified needs of local public transportation systems in the county, countywide human service transportation systems, and expansion of public transportation service to unserved areas in the county.

"§ 105-508. Local election on adoption of sales and use tax.

(a) Resolution. – The board of commissioners of a county may direct the county board of elections to conduct an advisory referendum within the county on the question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be levied in accordance with this ~~Article-Part~~. The election shall be held on a date jointly agreed upon by the boards and shall be held in accordance with the procedures of G.S. 163-287. The board of commissioners shall hold a public hearing on the question at least 30 days before the date the election is to be held.

(b) Ballot Question. – The form of the question to be presented on a ballot for a special election concerning the levy of a tax authorized by this Article shall be:

FOR AGAINST

One-half percent (1/2%) local sales and use taxes, in addition to the current ~~two percent (2%)~~ local sales and use taxes, to be used only for public transportation systems.'

"§ 105-509. Levy and collection of sales and use tax.

If the majority of those voting in a referendum held pursuant to ~~this Article-G.S. 105-508~~ vote for the levy of the tax, the board of commissioners of the county may, by resolution, levy one-half percent (1/2%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law. Except as provided in this ~~Article-Part~~, the adoption, levy, collection, administration, and repeal of these additional taxes shall be in accordance with Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this ~~ArticlePart~~, references to 'this Article' mean 'Part 1 of Article 43 of Chapter 105 of the General Statutes'.

"§ 105-510. Distribution and use of taxes.

(a) Distribution. – The Secretary shall, on a quarterly basis, allocate to each taxing county the net proceeds of the tax levied under this ~~Article-Part~~ by that county. If the Secretary collects taxes under this ~~Article-Part~~ in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary shall allocate these taxes among the taxing counties, in proportion to the amount of taxes collected in each county under this ~~Article Part~~ in that month and shall include them in the quarterly distribution.

The Secretary shall distribute the net proceeds of the tax levied by a county on a per capita basis among the county and the units of local government in the county that operate public transportation systems. No proceeds shall be distributed to a county that does not operate a public transportation system or to a unit of local government that does not operate a public transportation system.

(b) Use. – A county must allocate the net proceeds distributed to it in accordance with its financial plan adopted pursuant to G.S. 105-507 and use the net proceeds only for financing, constructing, operating, and maintaining local public transportation systems. Any other unit of local government may use the net proceeds distributed to it under this ~~Article-Part~~ only for financing, constructing, operating, and maintaining local public transportation systems. Every unit of government shall use the net proceeds to supplement and not to supplant or replace existing funds or other resources for public transportation systems.

1 **"§ 105-510.1. Applicability.**

2 This section ~~Part~~ applies only to Mecklenburg County.

3 "Part 3. Transportation Authorities.

4 **"§ 105-510.5. Limitations.**

5 A transportation authority may not levy a tax under Part 3A or 3B of this Article unless:

6 (1) It operates a public transportation system.

7 (2) It has developed a financial plan and distributed it to each unit of local
8 government located within its territorial jurisdiction. The plan must be
9 approved by the board of commissioners of each county in the district prior
10 to the levy of the tax. If the board of commissioners of a county in a
11 multicounty district does not adopt the plan, the transportation authority may
12 remove that county from the district, and no tax may be levied in that county
13 under this Part. The financial plan must provide for equitable use of the net
14 proceeds within or to benefit the special district created under Part 3A or
15 Part 3B of this Article and consider (i) the identified needs of local public
16 transportation systems in the district, (ii) human service transportation
17 systems within the district, and (iii) expansion of public transportation
18 systems to underserved areas of the district. The financial plan must also be
19 approved by all Metropolitan Planning Organizations under Article 16 of
20 this Chapter whose jurisdiction includes any of the area of the special
21 district. The plan may be revised from time to time. An interlocal agreement
22 between the transportation authority and all the counties in the special
23 district may require periodic review and approval of the financial plan.

24 (3) The tax is approved by the voters.

25 **"§ 105-510.5A. Distribution and use of taxes.**

26 (a) Distribution. – The Secretary shall, on a quarterly basis, allocate to each special
27 district the net proceeds of the tax levied under this Part within the special tax district, to be
28 used for the benefit of that district.

29 (b) Use. – A special district must expend the net proceeds distributed to it in accordance
30 with its financial plan adopted pursuant to G.S. 105-510.5 and use the net proceeds only for
31 financing, constructing, operating, and maintaining public transportation systems. The special
32 district shall use the net proceeds to supplement and not to supplant or replace existing funds or
33 other resources for public transportation systems.

34 **"§ 105-510.5B. Special district.**

35 (a) A special district created pursuant to this Article is a local government body
36 corporate and politic and has the power to carry out the purposes of this Part and the Part under
37 which it is established. The board of trustees of the transportation authority shall serve ex
38 officio as the governing body of a special district it creates pursuant to this subsection, except
39 in the case of a single county district the board of commissioners of that county shall be ex
40 officio the governing body.

41 (b) The transportation authority creating the special district shall name it and file with
42 the Secretary of State the documents creating the district, and shall also file notice of the
43 addition to and removal from the district of any counties, or of the abolition of the special
44 district."

45 "Part 3A. Regional Public Transportation Authority. (Triangle)

46 **"§ 105-510.6. Local election on adoption of sales and use tax – regional public**
47 **transportation authority.**

48 (a) Special District. – A transportation authority may create a special district that
49 consists of the entire area of one or more counties within its territorial jurisdiction and may levy
50 on behalf of the special district the tax authorized in this section. The proceeds of a tax levied
51 under this section may be used only for the benefit of the special district and only for the

1 purposes provided in this Article. If a referendum in a district fails in all the counties in the
2 district, the transportation authority may abolish the special district.

3 (a1) If the special district created under this Part consists of only one county, then the
4 board of commissioners of that county shall be the management agency for the special district,
5 shall be ex officio its governing board, and shall be responsible for budget adoption and
6 operation of the transit services provided by the district, but may contract with the regional
7 transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes
8 as needed. If the district is later expanded to more than one county under G.S. 105-510.8, then
9 on the first day of the next fiscal year after expansion of the district the board of the regional
10 transportation authority created under Article 26 of Chapter 160A of the General Statutes shall
11 be responsible for operation and management of the entire district.

12 (b) Resolution. – The board of trustees of the transportation authority, with the
13 concurrent vote of:

14 (1) In the case of a single-county special district, a majority of the county board
15 of commissioners within the special district,

16 (2) In the case of a multicounty special district, a majority vote of each of the
17 county boards of commissioners within the special district,

18 may direct the respective county board or boards of elections to conduct an advisory
19 referendum within the special tax district on the question of whether a local sales and use tax at
20 the rate of one-half percent (1/2%) may be levied within the district in accordance with this
21 Part. The election shall be held on a date jointly agreed upon by the authority and the county
22 board or boards of elections and shall be held in accordance with the procedures of
23 G.S. 163-287. The board or boards of commissioners shall hold a public hearing on the
24 question at least 30 days before the date the election is to be held. As provided in this Article,
25 the tax may not be levied without voter approval.

26 (c) Ballot Question. – The form of the question to be presented on a ballot for a special
27 election concerning the levy of a tax authorized by this Article shall be:

28 [] FOR [] AGAINST

29 One-half percent (1/2%) local sales and use taxes, to be used only for public
30 transportation systems.'

31 **"§ 105-510.7. Levy and collection of sales and use tax – regional public transportation**
32 **authority.**

33 If the majority of those voting in a referendum held pursuant to G.S. 105-510.6 vote for the
34 levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)
35 local sales and use taxes within the special district, in addition to any other State and local sales
36 and use taxes levied pursuant to law. In determining the results of the election in a multicounty
37 district, all the counties of the district shall be considered to be one unit, but also must receive a
38 majority vote in each county, except that if the referendum is passed in one or more but not all
39 of the counties, the counties in which the referendum was not approved are removed from the
40 special district upon certification of the election result and the county or counties that approved
41 the referendum shall remain in the special district. Except as provided in this Part, the adoption,
42 levy, collection, administration, and repeal of these additional taxes shall be in accordance with
43 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this
44 Article, references to 'this Article' mean 'Part 3A of Article 43 of Chapter 105 of the General
45 Statutes.' Any repeal of the tax shall be done by the same procedure as its enactment under this
46 section, and in a multicounty district a petition for repeal under G.S. 105-473 shall be judged
47 by the total votes in all the counties in the district.

48 **"§ 105-510.8. Expansion of district.**

49 If a special district established under this Part does not include all the counties in the
50 territorial jurisdiction of a transportation authority, it may be expanded to include an additional
51 whole county or counties by joint action of the board of trustees of the transportation authority

1 and the board of commissioners of the county or boards of commissioners of the counties to be
2 added, with the approval of the voters in the county or counties to be added. The procedure for
3 addition of a county or counties and for the election shall be the same as for the initial creation
4 of the district, but the referendum shall be held separately within each of the counties to be
5 added.

6 "Part 3B. Regional Transportation Authority. (Triad)

7 **"§ 105-510.8A. Local election on adoption of sales and use tax – regional public**
8 **transportation authority.**

9 (a) Special District. – A transportation authority may create a special district that
10 consists of the entire area of one or two counties within its territorial jurisdiction and may levy
11 on behalf of the special district the tax authorized in this section. The proceeds of a tax levied
12 under this section may be used only for the benefit of the special district and only for the
13 purposes provided in this Article. The special district may not include counties other than
14 Forsyth and Guilford. If a referendum in a district fails, the transportation authority may abolish
15 the special district.

16 (a1) If the special district created under this Part consists of only one county, then the
17 board of commissioners of that county shall be the management agency for the special district,
18 shall be ex officio its governing board, and shall be responsible for budget adoption and
19 operation of the transit services provided by the district, but may contract with the regional
20 transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes
21 as needed. If the district is later expanded to more than one county under G.S. 105-510.8C, then
22 on the first day of the next fiscal year after expansion of the district the board of the regional
23 transportation authority created under Article 27 of Chapter 160A of the General Statutes shall
24 be responsible for operation and management of the entire district.

25 (b) Resolution. – The board of trustees of the authority, with the concurrent vote of:

26 (1) In the case of a single-county special district, a majority of the county board
27 of commissioners within the special district,

28 (2) In the case of a multicounty special district, a majority vote of each of the
29 county boards of commissioners within the special district,

30 may direct the respective county board or boards of elections to conduct an advisory
31 referendum within the special tax district on the question of whether a local sales and use tax at
32 the rate of one-half percent (1/2%) may be levied within the district in accordance with this
33 Part. The election shall be held on a date jointly agreed upon by the authority and the county
34 board or boards of elections and shall be held in accordance with the procedures of
35 G.S. 163-287. The board or boards of commissioners shall hold a public hearing on the
36 question at least 30 days before the date the election is to be held. As provided in this Article,
37 the tax may not be levied without voter approval.

38 (c) Ballot Question. – The form of the question to be presented on a ballot for a special
39 election concerning the levy of a tax authorized by this Article shall be:

40 [] FOR [] AGAINST

41 One-half percent (1/2%) local sales and use taxes, to be used only for public
42 transportation systems.'

43 **"§ 105-510.8B. Levy and collection of sales and use tax – regional public transportation**
44 **authority.**

45 If the majority of those voting in a referendum held pursuant to G.S. 105-510.8A vote for
46 the levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)
47 local sales and use taxes within the special district, in addition to any other State and local sales
48 and use taxes levied pursuant to law. In determining the results of the election in a multicounty
49 district, all the counties of the district shall be considered to be one unit, but also must receive a
50 majority vote in each county, except that if the referendum is passed in one but not both of the
51 counties, the county in which the referendum was not approved is removed from the special

1 district upon certification of the election result and the county that approved the referendum
2 shall remain in the special district. Except as provided in this Part, the adoption, levy,
3 collection, administration, and repeal of these additional taxes shall be in accordance with
4 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this
5 Article, references to 'this Article' mean 'Part 3B of Article 43 of Chapter 105 of the General
6 Statutes.' Any repeal of the tax shall be done by the same procedure as its enactment under this
7 section, and in a multicounty district a petition for repeal under G.S. 105-473 shall be judged
8 by the total votes in all the counties in the district.

9 **"§ 105-510.8C. Expansion of district.**

10 If a special district established under this Part does not include both the eligible counties
11 under G.S. 105-510.8A(a), it may be expanded to include the other county by joint action of the
12 board of trustees of the transportation authority and the board of commissioners of the county
13 to be added, with the approval of the voters in the county to be added. The procedure for
14 addition of a county shall be the same as for the initial creation of the district, but the
15 referendum shall be held separately within the county to be added.

16 "Part 4. Other Counties.

17 **"§ 105-510.12. Limitations.**

18 A county may not levy a tax under this Part unless the county or at least one unit of local
19 government in the county operates a public transportation system. As used in this Part,
20 operation of a public transportation system includes a contract or interlocal agreement for
21 operation of the public transportation system by another county or municipality, or by a
22 transportation authority created under (i) a municipal charter; or (ii) Article 25, 26, or 27 of
23 Chapter 160A of the General Statutes. As used in this Part, operation of a public transportation
24 system also includes a contract with a private entity for operation of the public transportation
25 system.

26 **"§ 105-510.13. Local election on adoption of sales and use tax.**

27 (a) Resolution. – The board of commissioners of a county may direct the county board
28 of elections to conduct an advisory referendum within the county on the question of whether a
29 local sales and use tax at the rate of one-quarter percent (1/4%) may be levied in accordance
30 with this Part. The election shall be held on a date jointly agreed upon by the boards and shall
31 be held in accordance with the procedures of G.S. 163-287. The board of commissioners shall
32 hold a public hearing on the question at least 30 days before the date the election is to be held.

33 (b) Ballot Question. – The form of the question to be presented on a ballot for a special
34 election concerning the levy of a tax authorized by this Article shall be:

35 FOR AGAINST

36 One-quarter percent (1/4%) local sales and use taxes, in addition to the current local
37 sales and use taxes, to be used only for public transportation systems.'

38 **"§ 105-510.14. Levy and collection of sales and use tax.**

39 If the majority of those voting in a referendum held pursuant to this Part vote for the levy of
40 the tax, the board of commissioners of the county may, by resolution, levy one-quarter percent
41 (1/4%) local sales and use taxes in addition to any other State and local sales and use taxes
42 levied pursuant to law. Except as provided in this Part, the adoption, levy, collection,
43 administration, and repeal of these additional taxes shall be in accordance with Article 39 of
44 this Chapter. In applying the provisions of Article 39 of this Chapter to this Part, references to
45 'this Article' mean 'Part 4 of Article 43 of Chapter 105 of the General Statutes.'

46 **"§ 105-510.15. Distribution and use of taxes.**

47 (a) Distribution. – The Secretary shall, on a quarterly basis, allocate to each taxing
48 county the net proceeds of the tax levied under this Part by that county. If the Secretary collects
49 taxes under this Part in a month and the taxes cannot be identified as being attributable to a
50 particular taxing county, the Secretary shall allocate these taxes among the taxing counties, in

1 proportion to the amount of taxes collected in each county under this Part in that month and
2 shall include them in the quarterly distribution.

3 The Secretary shall distribute the net proceeds of the tax levied by a county on a per capita
4 basis among the county and the units of local government in the county that operate a public
5 transportation system as follows:

6 (1) To the county based on the population of the county that is not in an
7 incorporated area, and to the municipalities within the county based on the
8 population of that municipality that is located within that county. To
9 determine the population of each county and each municipality, the
10 Secretary shall use the most recent annual estimate of population certified by
11 the State Budget Officer.

12 (2) Notwithstanding subdivision (1) of this subsection, if a municipality to
13 which funds are to be allocated neither operates nor contracts for the
14 operation of a public transportation system, the population of that
15 municipality shall be excluded from the calculations of subdivision (1) of
16 this subsection.

17 (3) Notwithstanding subdivision (1) of this subsection, if a county to which
18 funds are to be allocated neither operates nor contracts for the operation of a
19 public transportation system, the population of that county not in an
20 incorporated area shall be excluded from the calculations of subdivision (1)
21 of this subsection.

22 If a county or a municipality that does not receive an allocation of funds on account of
23 subdivision (2) or (3) of this subsection begins to operate or contract for the operation of a
24 public transportation system, that county or municipality shall begin receiving funds beginning
25 the first day of July that is more than 30 days thereafter.

26 (b) Use. – A county or municipality may use funds received under this Part only for
27 financing, constructing, operating, and maintaining public transportation systems. Every unit of
28 government shall use funds to supplement and not to supplant or replace existing funds or other
29 resources for public transportation systems.

30 **"§ 105-510.16. Applicability.**

31 This Part only applies in counties other than Durham, Forsyth, Guilford, Mecklenburg,
32 Orange, or Wake County."

33 **SECTION 2.(c)** G.S. 105-164.14(c) reads as rewritten:

34 "(c) Certain Governmental Entities. – A governmental entity listed in this subsection is
35 allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases
36 of tangible personal property and services, other than electricity, telecommunications service,
37 and ancillary service. Sales and use tax liability indirectly incurred by a governmental entity on
38 building materials, supplies, fixtures, and equipment that become a part of or annexed to any
39 building or structure that is owned or leased by the governmental entity and is being erected,
40 altered, or repaired for use by the governmental entity is considered a sales or use tax liability
41 incurred on direct purchases by the governmental entity for the purpose of this subsection. A
42 request for a refund must be in writing and must include any information and documentation
43 required by the Secretary. A request for a refund is due within six months after the end of the
44 governmental entity's fiscal year.

45 This subsection applies only to the following governmental entities:

46 ...

47 (23) A special district created under Article 43 of this Chapter."

48 **SECTION 2.(d)** G.S. 159-81(1) reads as rewritten:

49 "The words and phrases defined in this section shall have the meanings indicated when used
50 in this Article:

- 1 (1) "Municipality" means a county, city, town, incorporated village, sanitary
 2 district, metropolitan sewerage district, metropolitan water district, county
 3 water and sewer district, water and sewer authority, hospital authority,
 4 hospital district, parking authority, special airport district, special district
 5 created under Article 43 of Chapter 105 of the General Statutes, regional
 6 public transportation authority, regional transportation authority, regional
 7 natural gas district, regional sports authority, airport authority, joint agency
 8 created pursuant to Part 1 of Article 20 of Chapter 160A of the General
 9 Statutes, a joint agency authorized by agreement between two cities to
 10 operate an airport pursuant to G.S. 63-56, and the North Carolina Turnpike
 11 Authority created pursuant to Article 6H of Chapter 136 of the General
 12 Statutes, but not any other forms of State or local government.

13"

14 **SECTION 2.(e)** G.S. 160A-460 reads as rewritten:

15 "**§ 160A-460. Definitions.**

16 The words defined in this section shall have the meanings indicated when used in this Part:

- 17 (1) "Undertaking" means the joint exercise by two or more units of local
 18 government, or the contractual exercise by one unit for one or more other
 19 units, of any power, function, public enterprise, right, privilege, or immunity
 20 of local government.
 21 (2) "Unit," or "unit of local government" means a county, city, consolidated
 22 city-county, local board of education, sanitary district, facility authority
 23 created under Part 4 of this Article, special district created under Article 43
 24 of Chapter 105 of the General Statutes, or other local political subdivision,
 25 authority, or agency of local government."

26 **SECTION 2.(f)** Section 3.1 of S.L. 1997-417, as added by Section 30 of S.L.
 27 2006-162, reads as rewritten:

28 "**SECTION 3.1.** A county authorized to impose a tax under Part 2 of Article 43 of Chapter
 29 105 of the General Statutes as enacted by Part 1 of this act, ~~Statutes~~ is considered an authority
 30 under Article 50 of Chapter 105 of the General Statutes, as enacted by Section 3 of this of this
 31 act, and the board of commissioners of that county is considered the board of trustees of the
 32 authority under Article 50. G.S. 105-554 of Article 50 does not apply to the proceeds of a tax
 33 imposed by county considered an authority under this section. The proceeds of a tax imposed
 34 by a county considered an authority under this section must be transferred to the largest city in
 35 that county operating a public transportation system. The proceeds of a tax imposed by a
 36 county considered an authority under this section must be transferred to the largest city in that
 37 county operating a public transportation system and used only for financing, constructing,
 38 operating, and maintaining a public transportation system. The proceeds may supplant existing
 39 funds allocated for a public transportation system. The term 'public transportation system' has
 40 the same meaning as defined in ~~G.S. 105-506 of Article 43~~. G.S. 105-506."

41 CHAPTER III. Local Vehicle Registration Charge Adjusted for Inflation.

42 **SECTION 3.(a)** G.S. 105-561(a) reads as rewritten:

43 "(a) Tax Authorized. – The board of trustees of an Authority may, by resolution, levy an
 44 annual license tax in accordance with this Article upon any motor vehicle with a tax situs
 45 within its territorial jurisdiction. The purpose of the tax levied under this Article is to raise
 46 revenue for capital and operating expenses of an Authority in providing public transportation
 47 systems. The rate of tax levied under this Article must be a full dollar amount, but may not
 48 exceed ~~five dollars (\$5.00)~~ seven dollars (\$7.00) a year."

49 **SECTION 3.(b)** Effective July 1, 2010, G.S. 105-561(a), as amended by
 50 subsection (a) of this section, reads as rewritten:

1 "(a) Tax Authorized. – The board of trustees of an Authority may, by resolution, levy an
2 annual license tax in accordance with this Article upon any motor vehicle with a tax situs
3 within its territorial jurisdiction. The purpose of the tax levied under this Article is to raise
4 revenue for capital and operating expenses of an Authority in providing public transportation
5 systems. The rate of tax levied under this Article must be a full dollar amount, but may not
6 exceed ~~seven dollars (\$7.00)~~ eight dollars (\$8.00) a year."

7 **SECTION 3.(c)** G.S. 105-561(d) reads as rewritten:

8 "(d) Special Tax District. – If a regional transportation authority created under Article 27
9 of Chapter 160A of the General Statutes has not levied the tax under this section or has levied
10 the tax at a rate of less than ~~five dollars (\$5.00)~~ seven dollars (\$7.00), it may create a special
11 district that consists of the entire area of one or more counties within its territorial jurisdiction
12 and may levy on behalf of the special district the tax authorized in this section. The rate of tax
13 levied within the special district may not, when combined with the rate levied within the entire
14 territorial jurisdiction of the authority; exceed ~~five dollars (\$5.00)~~ seven dollars (\$7.00). The
15 regional transportation authority may not levy or increase a tax within the special district unless
16 the board of commissioners of each county in the special district has adopted a resolution
17 approving the levy or increase.

18 A special district created pursuant to this subsection is a body corporate and politic and has
19 the power to carry out the purposes of this subsection. The board of trustees of the regional
20 transportation authority created under Article 27 of Chapter 160A of the General Statutes shall
21 serve, ex officio, as the governing body of a special district it creates pursuant to this
22 subsection. The proceeds of a tax levied under this subsection may be used only for the benefit
23 of the special district and only for the purposes provided in G.S. 105-564. Except as provided
24 in this subsection, a tax levied under this subsection is governed by the provisions of this
25 Article."

26 **SECTION 3.(d)** Effective July 1, 2010, G.S. 105-561(d), as amended by
27 subsection (c) of this section, reads as rewritten:

28 "(d) Special Tax District. – If a regional transportation authority created under Article 27
29 of Chapter 160A of the General Statutes has not levied the tax under this section or has levied
30 the tax at a rate of less than ~~seven dollars (\$7.00)~~ eight dollars (\$8.00), it may create a special
31 district that consists of the entire area of one or more counties within its territorial jurisdiction
32 and may levy on behalf of the special district the tax authorized in this section. The rate of tax
33 levied within the special district may not, when combined with the rate levied within the entire
34 territorial jurisdiction of the authority; exceed ~~seven dollars (\$7.00)~~ eight dollars (\$8.00). The
35 regional transportation authority may not levy or increase a tax within the special district unless
36 the board of commissioners of each county in the special district has adopted a resolution
37 approving the levy or increase.

38 A special district created pursuant to this subsection is a body corporate and politic and has
39 the power to carry out the purposes of this subsection. The board of trustees of the regional
40 transportation authority created under Article 27 of Chapter 160A of the General Statutes shall
41 serve, ex officio, as the governing body of a special district it creates pursuant to this
42 subsection. The proceeds of a tax levied under this subsection may be used only for the benefit
43 of the special district and only for the purposes provided in G.S. 105-564. Except as provided
44 in this subsection, a tax levied under this subsection is governed by the provisions of this
45 Article."

46 CHAPTER IV. Vehicle Registration Charge.

47 **SECTION 4.** Subchapter IX of Chapter 105 of the General Statutes is amended by
48 adding a new Article to read:

49 "Article 52. County Vehicle Registration Tax.

50 "§ 105-557. County Vehicle Registration Tax; shared with municipalities."

1 (a) A county is considered an authority under Article 51 of this Chapter, and the board
2 of commissioners of that county is considered the board of trustees of the authority under
3 Article 51, except that the maximum tax that may be levied by a county under this Article is
4 seven dollars (\$7.00) per year.

5 (b) A county may not levy a tax under this Article unless the county or at least one unit
6 of local government in the county operates a public transportation system.

7 (c) Any tax levied under this Article shall, after the receipt of those funds from the
8 Division of Motor Vehicles, be retained or distributed by the county on a per capita basis as it
9 receives those funds as follows:

10 (1) Pro rata (i) retained by the county based on the population of the county that
11 is not in an incorporated area, and (ii) distributed to the municipalities within
12 the county based on the population of that municipality that is located within
13 that county. To determine the population of each county and municipality,
14 the county shall use the most recent annual estimate of population certified
15 by the State Budget Officer.

16 (2) Notwithstanding subdivision (1) of this subsection, if a municipality to
17 which funds are to be distributed does not operate a public transportation
18 system, the population of that municipality shall be excluded from the
19 calculations of subdivision (1) of this subsection and no distribution shall be
20 made to that municipality.

21 (3) Notwithstanding subdivision (1) of this subsection, if a county for which
22 funds are to be retained does not operate a public transportation system, the
23 population of that county not in an incorporated area shall be excluded from
24 the calculations of subdivision (1) of this subsection, and the county shall
25 not retain any funds.

26 If a county that does not retain funds or a municipality that does not receive an allocation of
27 funds on account of subdivision (2) or (3) of this subsection begins to operate a public
28 transportation system, that county or municipality shall begin retaining or receiving funds
29 beginning the first day of July that is more than 30 days thereafter.

30 (d) The proceeds of a tax imposed under this Article may be used by that county or
31 municipality only to operate a public transportation system, including financing, constructing,
32 operating, and maintaining that public transportation system. The term 'public transportation
33 system' has the same meaning as defined in G.S. 105-506.

34 (e) As used in this section, operation of a public transportation system includes a
35 contract or interlocal agreement for operation of the public transportation system by another
36 county or municipality, or by a transportation authority created under (i) a municipal charter; or
37 (ii) Article 25, 26, or 27 of Chapter 160A of the General Statutes. As used in this section,
38 operation of a public transportation system also includes a contract with a private entity for
39 operation of the public transportation system.

40 (f) An interlocal agreement under this section may also deal with allocation of funds
41 between a municipality and county for operation by the county of a human services public
42 transportation system within the municipality when the municipality also operates a public
43 transportation system.

44 (g) This Article is supplemental to Article 51 of this Chapter."

45 **SECTION 5.** This act is effective when it becomes law.