

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

H.B. 962  
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HOUSE PRINCIPAL CLERK

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HOUSE DRH90097-MCx-142 (03/15)

Short Title: Municipal Sales Tax.

(Public)

Sponsors: Representative Hamilton.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE MUNICIPALITIES TO LEVY AN ADDITIONAL ONE-HALF  
3 PERCENT SALES AND USE TAX.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Subchapter VIII of Chapter 105 of the General Statutes is amended  
6 by adding a new Article to read:

7 "Article 47.

8 "First One-Half Cent (1/2¢) Municipal Sales and Use Tax.

9 "**§ 105-540. Short title.**

10 This Article is the First One-Half Cent (1/2¢) Municipal Sales and Use Tax Act.

11 "**§ 105-541. Definitions.**

12 The following definitions apply in this Article:

13 (1) Beach nourishment. – The placement of sand, from other sand sources, on a  
14 beach or dune by mechanical means and other associated activities that are  
15 in conformity with the North Carolina Coastal Management Program, or  
16 which have otherwise been authorized by the General Assembly, along  
17 North Carolina shorelines and connecting inlets for the purpose of widening  
18 the beach to benefit public recreational use and mitigating damage and  
19 erosion from storms to inland property and transportation routes. The term  
20 includes expenditures for the following:

21 a. Costs directly associated with qualifying for projects either  
22 contracted through the U.S. Army Corps of Engineers or otherwise  
23 permitted by all appropriate federal and State agencies.

24 b. The nonfederal share of costs required to construct these projects.

25 c. The costs associated with providing enhanced public beach access.

26 d. The costs of associated nonhardening activities such as the planting  
27 of vegetation, the building of dunes, and the placement of sand  
28 fences.

29 (2) Net proceeds. – Defined in G.S. 105-472.

30 "**§ 105-542. Levy.**

31 The governing body of a municipality may, by resolution, levy a local sales and use tax at a  
32 rate of one-half percent (1/2%) in addition to any other State and local sales and use taxes  
33 levied pursuant to law. Before adopting a resolution under this section, the governing body  
34 must give at least 10 days' public notice of its intent to adopt the resolution and must hold a  
35 public hearing on the issue of adopting the resolution.

36 "**§ 105-543. Administration.**



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1 Except as provided in this Article, the adoption, levy, collection, administration, and repeal  
2 of the additional taxes authorized by this Article shall be in accordance with Article 39 of this  
3 Chapter. References to "county," "counties," or "board of county commissioners" within Article  
4 39 of this Chapter shall be interpreted as referring to "municipality," "municipalities," or  
5 "governing body of the municipality," respectively, for purposes of the tax authorized by this  
6 Article. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied  
7 under this Article does not apply to the sales price of food that is exempt from tax pursuant to  
8 G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to  
9 G.S. 105-467(a)(5a).

10 **"§ 105-544. Distribution and use.**

11 (a) Distribution. – The Secretary shall, on a monthly basis, distribute to each taxing  
12 municipality for which the Secretary collects the tax the net proceeds of the tax collected in that  
13 municipality under this Article. If the Secretary collects local sales or use taxes in a month and  
14 the taxes cannot be identified as being attributable to a particular taxing municipality, the  
15 Secretary shall allocate the taxes among the taxing municipalities in proportion to the amount  
16 of taxes collected in each municipality under this Article during that month and shall include  
17 them in the monthly distribution. Amounts collected by electronic funds transfer payments are  
18 included in the distribution for the month in which the return that applies to the payment is  
19 received.

20 (b) Use. – A municipality may use the net proceeds of a tax levied under this Article for  
21 beach nourishment; street and sidewalk construction and improvements; traffic signals; street  
22 lighting; street and directional signage; police, fire, and rescue services support; and services to  
23 support public events and festivals."

24 **SECTION 2.** This act is effective when it becomes law.