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SENATE DRS35249-RBx-14B (02/02)

Short Title: Simple and Fair Formula for Sales Tax Distrib. (Public)

Sponsors: Senator Rucho (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO CONVERT THE LOCAL SALES AND USE TAXES AUTHORIZED UNDER
3 ARTICLES 39, 40, AND 42 TO A STATE SALES AND USE TAX, TO DISTRIBUTE
4 THE REVENUE FROM THE CONVERTED TAX AS A LOCAL SOURCE OF
5 REVENUE, TO ESTABLISH A BASE ALLOCATION BASED ON THE AMOUNT OF
6 REVENUE RECEIVED BY A COUNTY OR CITY IN FISCAL YEAR 2013-2014, AND
7 TO ALLOCATE ANY GROWTH IN THE SALES TAX REVENUE FROM THE
8 CONVERTED TAX ON A PER CAPITA BASIS.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.(a)** Articles 39, 40, and 42 of Chapter 105 of the General Statutes and
11 Chapter 1096 of the 1967 Session Laws, as amended, are repealed.

12 **SECTION 1.(b)** G.S. 105-164.13B is repealed.

13 **SECTION 2.(a)** G.S. 105-164.4(a) reads as rewritten:

14 "(a) A privilege tax is imposed on a retailer engaged in business in the State at the
15 percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The
16 general rate of tax is ~~four and three-quarters percent (4.75%)~~. six and three-quarters percent
17 (6.75%). The percentage rates are as follows:

18 ...

19 (15) The rate of two percent (2%) applies to food other than the following:

20 a. Dietary supplements.

21 b. Food sold through a vending machine.

22 c. Prepared food, other than bakery items sold without eating utensils
23 by an artisan bakery. The term "bakery item" includes bread, rolls,
24 buns, biscuits, bagels, croissants, pastries, donuts, danish, cakes,
25 tortes, pies, tarts, muffins, bars, cookies, and tortillas. An artisan
26 bakery is a bakery that meets all of the following requirements:

27 i. It derives over eighty percent (80%) of its gross receipts from
28 bakery items.

29 ii. Its annual gross receipts, combined with the gross receipts of
30 all related persons as defined in G.S. 105-163.010, do not
31 exceed one million eight hundred thousand dollars
32 (\$1,800,000).

33 d. Soft drinks.

34 e. Candy."

35 **SECTION 2.(b)** Part 8 of Article 5 of Chapter 105 of the General Statutes is
36 amended by adding a new section to read:



1 **"§ 105-164.44M. Distribution of part of sales tax revenue to counties and cities.**

2 (a) Purpose and Intent. – It is the purpose of this section to provide a source of revenue
3 to counties and cities to meet their financial needs. There is annually appropriated from the
4 General Fund to the counties and cities the amounts needed to make the distribution under this
5 section. The General Assembly finds that the revenue distributed under this section is local
6 revenue, not a State expenditure, for the purposes of Section 5(3) of Article II of the North
7 Carolina Constitution. The Governor may not reduce or withhold the distribution.

8 (b) Distribution. – The Secretary must distribute, on a monthly basis, part of the taxes
9 imposed by G.S. 105-164.4 to the counties and cities. The amount the Secretary must distribute
10 is the sum of the revenue listed in this subsection, less the amount to be deducted in accordance
11 with subsection (c) of this section:

12 (1) An amount equal to twenty-nine and sixty-three hundredths percent
13 (29.63%) of the net proceeds of the sales and use tax imposed at the general
14 rate of tax.

15 (2) An amount equal to the net proceeds of the sales and use taxes imposed on
16 food by G.S. 105-164.4(a)(15).

17 (c) Deduction for Local Government Services. – From the revenue to be distributed
18 under subsection (b) of this section, the Secretary must deduct the following costs incurred by
19 the State to provide the functions listed in this subsection that support local governments:

20 (1) The Department's cost of the following for the preceding month:

21 a. The Local Government Division.

22 b. The Property Tax Commission.

23 (2) The Department of State Treasurer's costs for personnel and operations of
24 the Local Government Commission.

25 (3) One-twelfth of the following for the preceding fiscal year:

26 a. The costs incurred by the School of Government at the University of
27 North Carolina at Chapel Hill in operating a training program in
28 property tax appraisal and assessment.

29 b. Seventy percent (70%) of the expenses of the Department of
30 Revenue in performing the duties imposed by Article 2D of this
31 Chapter.

32 (d) Allocation. – The Secretary must allocate the revenue to be distributed under
33 subsection (b) of this section to the counties and cities in the order provided below:

34 (1) Hold harmless amount. – The Secretary must distribute the hold harmless
35 amount calculated under subsection (e) of this section to each county and
36 city that received a distribution of local sales and use tax under Articles 39,
37 40, and 42 of this Chapter for fiscal year 2013-2014. If the amount of
38 revenue available to be distributed under subsection (b) of this section is not
39 sufficient to make the distribution under this subdivision, the proceeds will
40 be distributed to each county and city on a pro rata basis.

41 (2) Remaining allocation. – Any revenue remaining to be distributed under
42 subsection (b) of this section must be allocated to the counties on a per
43 capita basis as provided under subsection (f) of this section and distributed to
44 the counties and the cities in each county in accordance with the method of
45 distribution determined by a county as provided in subsections (f) and (g) of
46 this section.

47 (e) Hold Harmless Amount. – The Secretary must determine the hold harmless payment
48 for each county and city that received a distribution of local sales and use tax under Articles 39,
49 40, and 42 of this Chapter for fiscal year 2013-2014. The hold harmless amount is the sum of
50 the amounts received by the county and each municipality in the county under Articles 39, 40,
51 and 42 of this Chapter for fiscal year 2013-14, divided by twelve. In determining the amounts

1 received, the Secretary must take into consideration refund amounts and any adjustment of
2 revenue between counties because of the application of the sourcing principles to a transaction.
3 The determination made by the Secretary is final and is not subject to administrative or judicial
4 review.

5 (f) Per Capita Distribution. – The Secretary must allocate the revenue to be distributed
6 under subsection (d)(2) of this section to the counties on a per capita basis, using the most
7 recent annual estimate of population certified by the State Budget Office.

8 The Secretary must divide the amount allocated to each county among the county and its
9 cities in accordance with the method determined by the county under subsection (g) of this
10 section. The board of county commissioners in each county may, by resolution adopted during
11 the month of April of each year, determine which of the two methods of distribution will be in
12 effect in the county during the next succeeding fiscal year. In order for the resolution to be
13 effective, a certified copy of it must be delivered to the Secretary in Raleigh within 15 calendar
14 days after its adoption. If the board fails to adopt a resolution choosing a method of distribution
15 not then in effect in the county, or if a certified copy of the resolution is not timely delivered to
16 the Secretary, the method of distribution then in effect in the county shall continue in effect for
17 the following fiscal year. The method of distribution in effect on the first of July of each fiscal
18 year shall apply to every distribution made during that fiscal year.

19 (g) Method of Sharing Revenue. – The board of county commissioners shall, by
20 resolution, choose one of the following methods of distribution:

21 (1) Per Capita Method. – The net proceeds of the tax allocated to the county
22 may be distributed to that county and to the cities in the county on a per
23 capita basis according to the total population of the county plus the total
24 population of the cities in the county. In the case of a city located in more
25 than one county, only that part of the population living in the county is
26 considered in its "total population". In order to make the distribution, the
27 Secretary must determine a per capita figure by dividing the amount
28 allocated to each county by the sum of the population of the county plus the
29 total population of all cities in the county. The Secretary must then multiply
30 this per capita figure by the population of the county and by the population
31 of each city in the county; each respective product is the amount to be
32 distributed to the county and to each city in the county. To determine the
33 population of each county and each city, the Secretary must use the most
34 recent annual estimate of population certified by the State Budget Officer.

35 (2) Ad Valorem Method. – The net proceeds of the tax allocated to a county
36 may be distributed to that county and the cities in the county in proportion to
37 the total amount of ad valorem taxes levied by each on property having a tax
38 situs in the county during the fiscal year next preceding the distribution. For
39 purposes of this subdivision, the amount of the ad valorem taxes levied by a
40 county or city includes ad valorem taxes levied by the county or city in
41 behalf of a taxing district and collected by the county or city. In addition, the
42 amount of taxes levied by a county includes ad valorem taxes levied by a
43 merged school administrative unit described in G.S. 115C-513 in the part of
44 the unit located in the county. In computing the amount of tax proceeds to be
45 distributed to each county and city, the amount of any ad valorem taxes
46 levied but not substantially collected will be ignored. Each county and city
47 receiving a distribution under this subdivision must immediately share the
48 proceeds with each district in behalf of which the county or city levied ad
49 valorem taxes in the proportion that the district levy bears to the total levy of
50 the county or city. Any county or city that fails to provide the Department
51 with information concerning ad valorem taxes levied by it adequate to

1 permit a timely determination of its appropriate share under this subdivision
2 may be excluded by the Secretary from each monthly distribution with
3 respect to which the information was not provided in a timely manner, and
4 those proceeds will be distributed only to the remaining counties or cities, as
5 appropriate. For the purpose of computing the distribution of the tax under
6 this subdivision to any county and the cities located in the county for any
7 month with respect to which the property valuation of a public service
8 company is the subject of an appeal and the Department of Revenue is
9 restrained by law from certifying the valuation to the county and the cities in
10 the county, the Department must use the last property valuation of the public
11 service company that has been certified.

12 (h) Public School Capital Outlay. – A county must use twenty-two and one-half percent
13 (22.5%) of the revenue received by it under this section for public school capital outlay
14 purposes as defined in G.S. 115C-426(f) or to retire any indebtedness incurred by the county
15 for these purposes. A county may expend part or all of the revenue restricted for public school
16 capital needs in the fiscal year in which the revenue is received, or the county may place part or
17 all of this revenue in a capital reserve fund, provided the county specifically identifies this
18 revenue in accordance with Chapter 159 of the General Statutes.

19 A county may use part of all of the revenue restricted by this subsection for any lawful
20 purpose if the county petitions and receives authorization from the Local Government
21 Commission. The petition must be in the form of a resolution adopted by the board of county
22 commissioners and transmitted to the Local Government Commission. The petition must
23 demonstrate that the county can provide for its public school capital needs without restricting
24 the use of part or all of the revenue designated by this subsection for that purpose. In making its
25 decision, the Local Government Commission must consider information contained in the
26 petition concerning all the capital needs of the petitioning county. The Commission may also
27 consider information from sources other than the petition. The Commission must issue a
28 written decision on each petition stating the findings of the Commission concerning the public
29 school capital needs of the petitioning county and the percentage of revenue otherwise
30 restricted by this subsection that may be used by the petitioning county for any lawful purpose.
31 Decisions of the Commission allowing counties to use revenue that would otherwise be
32 restricted under this subsection for any lawful purpose are final. A county whose petition is
33 denied, in whole or in part, by the Commission may subsequently submit a new petition to the
34 Commission.

35 (i) Ineligible Cities. – An ineligible city is disregarded for all purposes under this
36 section. A city incorporated on or after January 1, 2000, is not eligible for a distribution under
37 this section unless it meets both of the following requirements:

38 (1) It is eligible to receive funds under G.S. 136-41.2.

39 (2) A majority of the mileage of its streets is open to the public."

40 **SECTION 2.(c)** This act does not affect the rights or liabilities of a taxing county,
41 a taxpayer, or another person arising under a statute repealed by this act before the effective
42 date of its repeal; nor does it affect the right to any refund or credit of a tax that accrued under
43 the repealed statute before the effective date of its repeal.

44 **SECTION 3.(a)** G.S. 105-164.3(4a) reads as rewritten:

45 **"§ 105-164.3. Definitions.**

46 The following definitions apply in this Article:

47 ...

48 (4a) Combined general rate. – The State's general rate of tax set in
49 G.S. 105-164.4(a) plus the ~~sum of the rates of the local sales and use taxes~~
50 one-quarter cent (1/4¢) county sales and use tax authorized by Article 46 of
51 Subchapter VIII of this Chapter for every county in this State."

SECTION 3.(b) G.S. 105-164.14(b) reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed a semiannual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services for use in carrying on the work of the nonprofit entity. Sales and use tax liability indirectly incurred by a nonprofit entity through reimbursement to an authorized person of the entity for the purchase of tangible personal property and services for use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund for the first six months of a calendar year is due the following October 15; a request for a refund for the second six months of a calendar year is due the following April 15. The aggregate annual refund amount allowed an entity under this subsection for a fiscal year may not exceed ~~thirty-one million seven hundred thousand dollars (\$31,700,000).~~forty-five million dollars (\$45,000,000).

..."

SECTION 4. Article 46 of Chapter 105 of the General Statutes reads as rewritten:

"Article 46.

"One-Quarter Cent (1/4¢) County Sales and Use Tax.

"§ 105-535. Short title.

This Article is the One-Quarter Cent (1/4¢) County Sales and Use Tax Act.

~~"§ 105-536. Limitations.~~

~~This Article applies only to counties that levy the first one cent (1¢) sales and use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, the first one half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the second one half cent (1/2¢) local sales and use tax under Article 42 of this Chapter.~~

"§ 105-537. Levy.

(a) Authority. – If the majority of those voting in a referendum held pursuant to this Article vote for the levy of the tax, the board of county commissioners may, by resolution and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter percent (0.25%).

(b) Vote. – The board of county commissioners may direct the county board of elections to conduct an advisory referendum on the question of whether to levy a local sales and use tax in the county as provided in this Article. The election shall be held in accordance with the procedures of G.S. 163-287.

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

"[] FOR [] AGAINST

Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State and local sales and use taxes.

(d) Repealed by Session Laws 2014-3, s. 14.22, effective May 29, 2014.

(e) Effective Date of Levy. – Collection of and liability for the tax must begin and continue only on and after the first day of a calendar quarter, as set by the board of county commissioners in the resolution levying the tax. In no event may the tax be imposed, or the tax rate changed, earlier than the first day of the second succeeding calendar month after the date of the adoption of the resolution. The county must give the Secretary at least 90 days' advance

1 notice of a new tax levy or tax rate change. The applicability of a new tax or a tax rate change
2 to purchases from printed catalogs becomes effective on the first day of a calendar quarter after
3 a minimum of 120 days from the date the Secretary notifies the seller that receives orders by
4 means of a catalog or similar publication of the new tax or tax rate change.

5 (f) Notification. – Upon adoption of a resolution levying the tax, the board of county
6 commissioners must immediately deliver a certified copy of the resolution to the Secretary,
7 accompanied by a certified statement from the county board of elections, if applicable, setting
8 forth the results of any special election approving the tax in the county. Upon receipt of these
9 documents, the Secretary shall collect and administer the tax as provided in this Article.

10 **§ 105-538. Administration of taxes. Uniform provisions for local sales and use tax.**

11 ~~Except as provided in this Article, the adoption, levy, collection, administration, and repeal~~
12 ~~of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1~~
13 ~~is an administrative provision that applies to this Article. A tax levied under this Article does~~
14 ~~not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to~~
15 ~~the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary~~
16 ~~shall not divide the amount allocated to a county between the county and the municipalities~~
17 ~~within the county.~~

18 (a) Collection. – A retailer whose place of business is in a taxing county must collect
19 the tax authorized by this Article on and after the effective date of the levy of the tax. The tax is
20 collected as a part of the sales price of the item of tangible personal property sold, the cost price
21 of the item of tangible personal property used, or as a part of the charge for the rendering of any
22 services, renting or leasing of tangible personal property, or the furnishing of any
23 accommodation taxable under this Article. The tax must be stated and charged separately from
24 the sales price or cost price and must be shown separately on the retailer's sales record. The tax
25 is paid by the purchaser to the retailer as trustee for and on account of the State or county
26 wherein the tax is imposed. It is the intent and purpose of this Article that the local sales and
27 use tax authorized to be imposed and levied by a taxing county under this Article is to be added
28 to the sales price and that the tax is passed on to the purchaser instead of being borne by the
29 retailer.

30 (b) Administration. – The definitions set forth in G.S. 105-164.3 apply to this Article.
31 The Secretary must collect and administer this tax in accordance with this Article. The tax shall
32 be collected and administered in the same manner as the State sales and use taxes imposed by
33 Article 5 of this Chapter insofar as the provisions are not inconsistent with this Article. The
34 Secretary of Revenue shall design, print and furnish to all retailers in a taxing county the
35 necessary forms for filing returns and instructions to insure the full collection from retailers.

36 (c) Use Tax. – The Secretary must require retailers who collect use tax on sales to
37 North Carolina residents to ascertain the county of residence of each buyer and provide that
38 information to the Secretary along with any other information necessary for the Secretary to
39 allocate the use tax proceeds to the correct taxing county.

40 (d) Building Materials. – The provisions of this Article shall not be applicable with
41 respect to any building materials purchased for the purpose of fulfilling any lump sum or unit
42 price contract entered into or awarded, or entered into or awarded pursuant to any bid made,
43 before the effective date of the tax imposed by a taxing county when, absent the provisions of
44 this section, such building materials would otherwise be subject to tax under the provisions of
45 this Article.

46 **§ 105-539. Scope of sales and use tax.**

47 (a) Sales tax. – The sales tax that may be imposed under this Article is limited to a tax
48 at the rate of one-quarter percent (0.25%) of a retailer's net taxable sales and gross receipts that
49 are subject to the general rate of sales tax imposed by the State under G.S. 105-164.4 except the
50 tax does not apply to the sales price of a manufactured home or a modular home.

1 **(b) Use Tax.** – The use tax that may be imposed under this Article is limited to a tax at
2 the rate of one-quarter percent (0.25%) of the cost price of each item or article of tangible
3 personal property that is not sold in the taxing county but is used, consumed, or stored for use
4 or consumption in the taxing county. The tax applies to the same items that are subject to tax
5 under G.S. 105-467.

6 **(c) Sourcing.** – The sourcing principles in G.S. 105-164.4B apply in determining
7 whether the local sales tax applies to a transaction.

8 **(d) Credit for Tax Paid.** – Where a local sales or use tax was due and has been paid with
9 respect to tangible personal property by the purchaser in another taxing county within the State,
10 or where a local sales or use tax was due and has been paid in a taxing jurisdiction outside the
11 State where the purpose of the tax is similar in purpose and intent to the tax which may be
12 imposed pursuant to this Article, the tax paid may be credited against the tax imposed under
13 this section by a taxing county upon the same property. If the amount of sales or use tax paid is
14 less than the amount of the use tax due the taxing county under this section, the purchaser must
15 pay to the Secretary an amount equal to the difference between the amount paid in the other
16 taxing county or jurisdiction and the amount due in the taxing county. The Secretary may
17 require proof of payment in another taxing county or jurisdiction as the Secretary deems
18 necessary. The use tax levied under this Article is not subject to credit for payment of any State
19 sales or use tax not imposed for the benefit and use of counties. No credit shall be given under
20 this section for sales or use taxes paid in a taxing jurisdiction outside this State if that taxing
21 jurisdiction does not grant similar credit for sales taxes paid under this Article.

22 **"§ 105-540. Exemptions and Refunds.**

23 **(a) Exemptions and Refunds.** – The State exemptions and exclusions contained in
24 G.S. 105-164.13 apply to the local sales and use tax authorized to be levied and imposed under
25 this Article.

26 **(b) Refunds.** – The State refund provisions contained in G.S. 105-164.14 through
27 G.S. 105-164.14B apply to the local sales and use tax authorized to be levied and imposed
28 under this Article. The refund allowed under this section does not apply to purchases of
29 electricity, telecommunications service, ancillary service, piped natural gas, video
30 programming, or a prepaid meal plan.

31 **(c) Local Refund Allowed.** – Except as provided in this section, a taxing county may
32 not allow an exemption, exclusion, or refund that is not allowed under the State sales and use
33 tax. A local school administrative unit and a joint agency created by interlocal agreement
34 among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food
35 service-related materials, supplies, and equipment on their behalf is allowed an annual refund
36 of sales and use taxes paid by it under this Article on direct purchases of tangible personal
37 property and services. Sales and use tax liability indirectly incurred by the entity on building
38 materials, supplies, fixtures, and equipment that become a part of or annexed to any building or
39 structure that is owned or leased by the entity and is being erected, altered, or repaired for use
40 by the entity is considered a sales or use tax liability incurred on direct purchases by the entity
41 for the purpose of this subsection.

42 **(d) Rescinded and Cancelled Sales.** – A refund of an excessive or erroneous State sales
43 tax collection allowed under G.S. 105-164.11 and a refund of State sales tax paid on a
44 rescinded sale or cancelled service contract under G.S. 105-164.11A apply to the local sales
45 and use tax authorized to be levied and imposed under this Article.

46 **(e) Application.** – A request for a refund is due in the same time and manner as
47 provided in G.S. 105-164.14(c). Refunds applied for more than three years after the due date
48 are barred.

49 **"§ 105-541. Distribution of Revenue.**

50 The Secretary must, on a monthly basis, allocate to each taxing county for which the
51 Secretary collects the tax the net proceeds of the tax collected in that county under this Article.

1 The Secretary shall not divide the amount allocated to a county between the county and the
2 municipalities within the county. For the purpose of this section, "net proceeds" means the
3 gross proceeds of the tax collected in each county under this Article less taxes refunded, the
4 cost to the State of collecting and administering the tax in the county as determined by the
5 Secretary, and other deductions that may be charged to the county. If the Secretary collects
6 local sales or use taxes in a month and the taxes cannot be identified as being attributable to a
7 particular taxing county, the Secretary shall allocate the taxes among the taxing counties in
8 proportion to the amount of taxes collected in each county under this Article during that month
9 and shall include them in the monthly distribution. Amounts collected by electronic funds
10 transfer payments are included in the distribution for the month in which the return that applies
11 to the payment is received.

12 **"§ 105-542. Repeal of levy.**

13 (a) The board of elections of any county, upon the written request of the board of
14 county commissioners thereof, or upon receipt of a petition signed by qualified voters of the
15 county equal in number to at least fifteen percent (15%) of the total number of votes cast in the
16 county at the last preceding election for the office of Governor, shall call a special election for
17 the purpose of submitting to the voters of the county the question of whether the levy of a
18 one-quarter percent (0.25%) sales and use tax theretofore levied should be repealed. The special
19 election shall be held under the same rules and regulations applicable to the election of
20 members of the General Assembly.

21 (b) Ballot Question. – The county board of elections shall prepare ballots for the special
22 election which shall contain the words "FOR repeal of the one-quarter percent (0.25%) local
23 sales and use tax levy," and the words "AGAINST repeal of the one-quarter percent (0.25%)
24 local sales and use tax levy," with appropriate squares so that each voter may designate his vote
25 by his cross (X) mark.

26 The county board of elections shall fix the date of the special election on a date permitted
27 by G.S. 163-287; provided, however, that the special election shall not be held within one year
28 from the date of the last preceding special election held under this section.

29 (c) Notification. – The board of county commissioners, upon adoption of said
30 resolution, shall cause a certified copy of the resolution to be delivered immediately to the
31 Secretary of Revenue, accompanied by a certified statement from the county board of elections,
32 if applicable, setting forth the results of any special election approving the repeal of the tax in
33 the county.

34 (d) Effective Date. – No termination of taxes levied and imposed under this Article
35 shall be effective until the end of the fiscal year in which the repeal election was held. No
36 liability for any tax levied under this Article which shall have attached prior to the effective
37 date on which a levy is terminated shall be discharged as a result of such termination, and no
38 right to a refund of tax or otherwise which shall have accrued prior to the effective date on
39 which a levy is terminated shall be denied as a result of such termination."

40 **SECTION 5.(a)** G.S. 105-507.2 reads as rewritten:

41 **"§ 105-507.2. Levy and collection of sales and use tax.**

42 If the majority of those voting in a referendum held pursuant to G.S. 105-507.1 vote for the
43 levy of the tax, the board of commissioners of the county may, by resolution, levy one-half
44 percent (½%) local sales and use taxes in addition to any other State and local sales and use
45 taxes levied pursuant to law. Except as provided in this Part, the adoption, levy, collection,
46 administration, and repeal of these additional taxes shall be in accordance with ~~Article 39~~
47 ~~Article 46~~ of this Chapter. In applying the provisions of ~~Article 39~~ ~~Article 46~~ of this Chapter to
48 this Part, references to "this Article" mean "Part 1 of Article 43 of Chapter 105 of the General
49 Statutes."

50 **SECTION 5.(b)** G.S. 105-509.1 reads as rewritten:

1 **"§ 105-509.1. Levy and collection of sales and use tax – regional public transportation**
2 **authority.**

3 If the majority of those voting in a referendum held pursuant to G.S. 105-509 vote for the
4 levy of the tax, the transportation authority may, by resolution, levy one-half percent (½%)
5 local sales and use taxes within the special district, in addition to any other State and local sales
6 and use taxes levied pursuant to law. In determining the results of the election in a multicounty
7 district, all the counties of the district shall be considered to be one unit but also must receive a
8 majority vote in each county, except that if the referendum is passed in one or more but not all
9 of the counties, the counties in which the referendum was not approved are removed from the
10 special district upon certification of the election result and the county or counties that approved
11 the referendum shall remain in the special district. Except as provided in this Part, the adoption,
12 levy, collection, administration, and repeal of these additional taxes shall be in accordance with
13 ~~Article 39~~ Article 46 of this Chapter. In applying the provisions of ~~Article 39~~ Article 46 of this
14 Chapter to this Article, references to "this Article" mean "Part 4 of Article 43 of Chapter 105 of
15 the General Statutes." Any repeal of the tax shall be done by the same procedure as its
16 enactment under this section, and in a multicounty district a petition for repeal under
17 ~~G.S. 105-473~~ G.S. 105-542 shall be judged by the total votes in all the counties in the district."

18 **SECTION 5.(c)** G.S. 105-510.1 reads as rewritten:

19 **"§ 105-510.1. Levy and collection of sales and use tax – regional transportation authority.**

20 If the majority of those voting in a referendum held pursuant to G.S. 105-510 vote for the
21 levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)
22 local sales and use taxes within the special district, in addition to any other State and local sales
23 and use taxes levied pursuant to law. In determining the results of the election in a multicounty
24 district, all the counties of the district shall be considered to be one unit but also must receive a
25 majority vote in each county, except that if the referendum is passed in one but not both of the
26 counties, the county in which the referendum was not approved is removed from the special
27 district upon certification of the election result and the county that approved the referendum
28 shall remain in the special district. Except as provided in this Part, the adoption, levy,
29 collection, administration, and repeal of these additional taxes shall be in accordance with
30 ~~Article 39~~ Article 46 of this Chapter. In applying the provisions of ~~Article 39~~ Article 46 of this
31 Chapter to this Article, references to "this Article" mean "Part 5 of Article 43 of Chapter 105 of
32 the General Statutes." Any repeal of the tax shall be done by the same procedure as its
33 enactment under this section, and in a multicounty district a petition for repeal under
34 ~~G.S. 105-473~~ G.S. 105-542 shall be judged by the total votes in all the counties in the district."

35 **SECTION 5.(d)** G.S. 105-511.3 reads as rewritten:

36 **"§ 105-511.3. Levy and collection of sales and use tax.**

37 If the majority of those voting in a referendum held pursuant to this Part vote for the levy of
38 the tax, the board of commissioners of the county may, by resolution, levy one-quarter percent
39 (1/4%) local sales and use taxes in addition to any other State and local sales and use taxes
40 levied pursuant to law. Except as provided in this Part, the adoption, levy, collection,
41 administration, and repeal of these additional taxes shall be in accordance with ~~Article~~
42 ~~39~~ Article 46 of this Chapter. In applying the provisions of ~~Article 39~~ Article 46 of this Chapter
43 to this Part, references to "this Article" mean "Part 6 of Article 43 of Chapter 105 of the
44 General Statutes."

45 **SECTION 6.** This act becomes effective July 1, 2016, and applies to sales made on
46 or after that date.