

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE PRINCIPAL CLERK

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HOUSE DRH10331-MC<sub>x</sub>-150B (03/24)

Short Title: County Tax Flexibility/Municipal Rev Opts. (Public)

Sponsors: Representative Saine.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO GIVE COUNTIES INCREASED FLEXIBILITY WITHIN THEIR CURRENT  
3 AUTHORITY FOR LOCAL SALES AND USE TAX, TO ENABLE CITIES TO  
4 MAINTAIN THEIR LEVEL OF SERVICE BY PROVIDING A REPLACEMENT  
5 SOURCE OF REVENUE FOR THE REPEALED CITY PRIVILEGE LICENSE TAX, TO  
6 PROVIDE STABILIZATION OF FUTURE MUNICIPAL REVENUES, AND TO MAKE  
7 OTHER CHANGES TO LOCAL SALES AND USE TAX LAWS.

8 The General Assembly of North Carolina enacts:

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

11 "Article 43A.

12 "County Sales and Use Tax.

13 "**§ 105-513.1. Short title; purpose.**

14 This Article is the County Sales and Use Tax Act. Article 43 of this Chapter, Article 46 of  
15 this Chapter, and this Article give the counties of this State an opportunity to choose a flexible  
16 mix of sales tax revenues with which to meet their needs. A county may choose to use this  
17 source of revenue to finance local public transportation systems, as provided in Article 43 of  
18 this Chapter, or for general purposes, as provided in this Article and Article 46 of this Chapter.

19 "**§ 105-513.2. Levy.**

20 (a) Authority. – The board of county commissioners may levy a local sales and use tax  
21 at the rate of one-quarter percent (0.25%) upon the occurrence of any of the following:

22 (1) By resolution, if a majority of those voting in a special election held  
23 pursuant to subsection (b) of this section approve the levy of the local sales  
24 and use tax and the county has given not less than 10 days' public notice.

25 (2) By resolution, if no election has been held within five years under the  
26 provisions of subsection (b) of this section in which the tax has been  
27 defeated and the county has given not less than 10 days' public notice of and  
28 held a public hearing.

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

31 " FOR  AGAINST

32 Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to the current  
33 local sales and use taxes."

34 "**§ 105-513.3. Administration.**

35 Except as provided in this Article, the adoption, levy, collection, administration, and repeal  
36 of these additional taxes must be in accordance with Article 39 of this Chapter. In applying the



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1 provisions of Article 39 of this Chapter to this Article, references to "this Article" mean  
2 "Article 43A of Chapter 105 of the General Statutes." G.S. 105-468.1 is an administrative  
3 provision that applies to this Article. A tax levied under this Article does not apply to the sales  
4 price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a  
5 bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall not divide the  
6 amount allocated to a county between the county and the municipalities within the county.

7 **"§ 105-513.4. Limitation.**

8 A tax levied by a county under this Article shall reduce, by the amount levied, the tax  
9 authorized to be levied by the county under Article 43 of this Chapter."

10 **SECTION 2.** G.S. 105-506 reads as rewritten:

11 **"§ 105-506. Short title; purpose.**

12 This Article is the Local Government Public Transportation Sales Tax Act and may be cited  
13 by that name. This ~~Article gives Article, Article 43A of this Chapter, and Article 46 of this~~  
14 Chapter ~~give the counties and transportation authorities~~ of this State an opportunity to obtain an  
15 additional source of revenue with which to meet their ~~needs for financing needs.~~ Counties and  
16 transportation authorities may choose to use this source of revenue to finance local public  
17 transportation systems. ~~It provides them with authority to levy sales and use taxes. All such~~  
18 tax ~~systems~~ under this Article or for general purposes, as provided in Articles 43A and 46 of  
19 this Chapter. A tax levied under this Article must be approved in a referendum."

20 **SECTION 3.** G.S. 105-537 reads as rewritten:

21 **"§ 105-537. Levy.**

22 (a) Authority. – ~~If The board of county commissioners may levy a local sales and use~~  
23 tax at the rate of one-quarter percent (0.25%) upon the occurrence of any of the following:

24 (1) By resolution, if the majority of those voting in a referendum held pursuant  
25 to this Article ~~vote for the levy of the tax, the board of county~~  
26 commissioners ~~may, by resolution and after 10 days' public notice, levy a~~  
27 local sales and use tax at a rate of one-quarter percent (0.25%). ~~approve the~~  
28 levy of the local sales and use tax and the county has given not less than 10  
29 days' public notice.

30 (2) By resolution, if no election has been held within five years under the  
31 provisions of this section in which the tax has been defeated and the county  
32 has given not less than 10 days' public notice of and held a public hearing.

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

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

39 "[ ] FOR [ ] AGAINST

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

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

43 **SECTION 4.** Subchapter VIII of Chapter 105 of the General Statutes is amended  
44 by adding a new Article to read:

45 "Article 47.

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

47 **"§ 105-540. Definitions.**

48 The following definitions apply in this Article:

49 (1) City. – Defined in G.S. 160A-1.

50 (2) Council. – Defined in G.S. 160A-1.

1           (3) Net proceeds. – Gross proceeds of the tax collected in a city under this  
2           Article less taxes refunded and the cost to the State of collecting and  
3           administering the tax, as determined by the Secretary.

4 **"§ 105-541. Authorization and levy.**

5           A city council may, by resolution, levy a city sales and use tax at the rate of one-quarter  
6           percent (0.25%). This tax is in addition to any other State or local sales and use taxes. Before  
7           adopting a resolution under this section, the council must give at least 10 days' public notice of  
8           its intent to levy the tax and must hold a public hearing on the proposed levy.

9 **"§ 105-542. Administration.**

10           Except as provided in this Article, the provisions of Article 39 of this Subchapter  
11           concerning the levy, collection, administration, and repeal of the taxes authorized by that  
12           Article apply to the taxes authorized by this Article. When applying the provisions of Article 39  
13           to this Article, references to a "county," "counties," or "board of county commissioners" are  
14           considered to be references to a "city," "cities," and "council," respectively. G.S. 105-468.1 is  
15           an administrative provision that applies to this Article. A tax levied under this Article does not  
16           apply to the sales price of food that is exempt from State sales and use tax under  
17           G.S. 105-164.13B or to the sales price of a bundled transaction that is subject to county sales  
18           and use taxes under G.S. 105-467(a)(5a).

19 **"§ 105-543. Monthly distribution to taxing cities.**

20           The Secretary must distribute on a monthly basis to each taxing city under this Article the  
21           net proceeds of the taxes collected in that city. If the Secretary cannot source taxes collected in  
22           a month to a particular city, the Secretary must allocate the unsourced amount among the taxing  
23           cities in proportion to the amount that can be sourced to them for that month. Amounts  
24           collected by electronic funds transfer payments are included in the distribution for the month in  
25           which the return that applies to the payment is received.

26 **"§ 105-544. Use of tax proceeds.**

27           A city may use the net proceeds of a tax levied under this Article for any public purpose."

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