

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 394*
Second Edition Engrossed 8/6/15
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Short Title: Increase Options for Local Option Sales Tax. (Local)

Sponsors: Representatives Goodman, Waddell, Pierce, and C. Graham (Primary Sponsor).
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Finance.

March 31, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE ASHE, COLUMBUS, FRANKLIN, HOKE, NASH, ROBESON,
RICHMOND, RUTHERFORD, SCOTLAND, AND WATAUGA COUNTIES TO USE
THE PROCEEDS OF THE LOCAL GOVERNMENT SALES AND USE TAX FOR
PUBLIC TRANSPORTATION FOR SCHOOL CONSTRUCTION IN LIEU OF PUBLIC
TRANSPORTATION.

The General Assembly of North Carolina enacts:

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

"Article 43A.

"Local Government Sales and Use Tax for School Construction in Lieu of Public
Transportation.

"§ 105-512.1. Short title; purpose.

This Article is the Local Government Sales and Use Tax for School Construction in Lieu of
Public Transportation Act. Article 43 of this Chapter and this Article give counties of this State
an opportunity to obtain an additional source of revenue with which to meet their needs. A
county may choose to use this source of revenue to finance local public transportation systems,
as provided in Article 43 of this Chapter, or for financing school construction, as provided in
this Article.

"§ 105-512.2. Applicability; limitation.

(a) Applicability. – This Article applies only to a county that levies the first one-cent
(1¢) local 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.

(b) Limitation. – A tax levied under this Article may not be in effect in a county at the
same time as a tax levied under Article 43 of this Chapter.

"§ 105-512.3. Levy.

(a) Referendum. – The board of commissioners of a county 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.

(b) 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 commissioners of the county may, by



1 resolution and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter
2 percent (1/4%).

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

5 "[] FOR [] AGAINST

6 Local sales and use tax at the rate of one-quarter percent (1/4%) in addition to the
7 current local sales and use taxes, to be used only for school construction or renovation, for the
8 purchase of land or facilities for schools, and to pay indebtedness incurred by the county for
9 these purposes."

10 **"§ 105-512.4. Administration.**

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 **"§ 105-512.5. Use.**

19 Counties may use the proceeds of a tax levied under this Article only for the purposes listed
20 in the ballot question used in the referendum pursuant to G.S. 105-512.3(c)."

21 **SECTION 2.** This act applies to Ashe, Columbus, Franklin, Hoke, Nash, Robeson,
22 Richmond, Rutherford, Scotland, and Watauga Counties only.

23 **SECTION 3.** This act is effective when it becomes law.