

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE DRH70715-LBxz-401I (1/22)

Short Title: Congestion Relief/Intermodal Transport Fund. (Public)

Sponsors: Representatives Carney, Allen, Ross, and Harrison (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A CONGESTION RELIEF AND INTERMODAL  
TRANSPORTATION 21<sup>ST</sup> 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, AND TO EXTEND COMMON LEVELS OF LOCAL TRANSIT  
FUNDING AUTHORIZATION TO THREE URBAN REGIONS, AND ALLOW  
OTHER LOCAL GOVERNMENTS SIMILAR OPTIONS FOR LOCAL TRANSIT  
FUNDING, AND TO EXTEND THE STATE PORTS TAX CREDIT, ALL AS  
RECOMMENDED BY THE 21<sup>ST</sup> CENTURY TRANSPORTATION  
COMMITTEE.

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 21<sup>st</sup> Century Transportation Fund.

**"§ 136-250. Congestion Relief and Intermodal Transportation 21<sup>st</sup> Century Fund.**

There is established in the State treasury the Congestion Relief and Intermodal  
Transportation 21<sup>st</sup> Century Fund, hereinafter referred to as the Fund. The Fund shall

1 consist of all revenues appropriated and allocated to it. Interest on earnings of the Fund  
2 shall remain within the Fund.

3 **"§ 136-251. Findings of fact.**

4 The General Assembly finds that:

- 5 (1) Most of North Carolina's growth is in its urban regions. According to  
6 the State Data Center, during the first decade of the 21<sup>st</sup> century, sixty-  
7 six percent (66%) of the projected 1,270,000 growth in population is in  
8 15 urban counties surrounding Charlotte, Raleigh, and the Triad, while  
9 forty percent (40%) is in just six counties: Mecklenburg, Wake,  
10 Durham, Orange, Forsyth, and Guilford.
- 11 (2) This large urban population growth greatly taxes resources. Despite  
12 the visionary creation of the Highway Trust Fund by the 1989 General  
13 Assembly and the funding of urban loop highways, congestion  
14 continues to grow at an exponential rate. Creation of a special fund to  
15 help meet urban transportation needs with alternatives such as rail  
16 transit and buses, coupled with land use planning, will spur and guide  
17 economic development in a more economically and environmentally  
18 sound manner. Charlotte's recent success in opening the first phase of  
19 its light rail system, with ridership significantly over projections,  
20 shows that North Carolinians are willing to use alternates.
- 21 (3) Accelerated use of rail for transport of freight will reduce highway  
22 congestion as well as allow economic expansion in a way that lessens  
23 the impact on the State highway system.
- 24 (4) Public transportation, in addition to a program of urban loops and toll  
25 roads, will enable North Carolina to have a balanced 21<sup>st</sup> century  
26 transportation system.
- 27 (5) As part of its initial program of internal improvements, the State  
28 capitalized the North Carolina Railroad in the 1840s, and invested in  
29 other railroads, and those internal improvements led to North  
30 Carolina's rapid economic development. The North Carolina Railroad,  
31 with a 317-mile corridor from Charlotte to Morehead City, is still  
32 owned by the State.
- 33 (6) Improved rail facilities and restoration of abandoned rail lines can  
34 allow increased access to the North Carolina State Ports and military  
35 installations located within the State.
- 36 (7) Session Law 2005-222 found that expanding and upgrading passenger,  
37 freight, commuter, and short-line rail service is important to the  
38 economy of North Carolina; and provided that the State would seek to  
39 provide matching funds partly so it can leverage the maximum federal  
40 and private participation to fund needed rail initiatives, such as the  
41 restoration of the rail corridor from Wallace to Castle Hayne, and a rail  
42 connection between north-south and east-west routes in the vicinity of  
43 Pembroke.

- 1           (8) Rail freight plays a vital role in economic development throughout the  
2 State. Intermodal service depends on partnerships with railroads,  
3 trucking companies, seaports, and others in the transportation logistics  
4 chain. North Carolina has 3,250 mainline miles of track, with Class I  
5 railroads holding seventy-nine percent (79%) of the trackage rights,  
6 the remainder controlled by local railroads and switching and terminal  
7 railroads. The 2006 Mid-Cycle Update to the North Carolina Statewide  
8 Intermodal Transportation Plan identified seven hundred ninety-nine  
9 million dollars (\$799,000,000) in freight rail needs over the next 25  
10 years, including maintenance and preservation, modernization, and  
11 expansion.
- 12           (9) North Carolina's short-line railroads play a key role in the State's  
13 economic development and transportation service and are needed to  
14 provide essential services to other modes of transportation and the  
15 North Carolina port system. North Carolina agriculture is dependent  
16 upon essential service by short-line railroads. North Carolina economic  
17 development and commerce are dependent upon essential service by  
18 short-line railroads, and grant funds may be used to improve and  
19 restore tracks and lines. State funds are needed to maintain short-line  
20 railroads as a viable contributor to economic development, agriculture,  
21 and transportation in this State in order to prevent the loss of regional  
22 rail service. The Department of Transportation reported that 44,992  
23 rail cars handled by short lines kept 179,688 trucks off North Carolina  
24 highways. Short-line railroads are essential to preserve and develop  
25 jobs in rural and small urban areas of North Carolina.
- 26           (10) Intermodal facilities and inland ports can greatly reduce freight traffic  
27 on North Carolina's highway system, reducing demand, congestion,  
28 and damage.
- 29           (11) The proposed North Carolina International Terminal will need high  
30 capacity intermodal access.
- 31           (12) Significant local revenues are needed to match State funds so that a  
32 major portion of the expenses is borne by the localities receiving the  
33 majority of the benefits. A local option sales tax for public  
34 transportation was approved by a fifty-eight percent (58%) favorable  
35 vote in Mecklenburg County in 1998, and reaffirmed by a seventy  
36 (70%) favorable vote in 2008. Extending this authority to additional  
37 jurisdictions, along with other revenue options, will enable localities to  
38 demonstrate local support for additional transit options.
- 39           (13) Surveys have indicated broad public support for providing additional  
40 public transportation options and for allowing localities to generate  
41 revenue to match State grants.

42 **§ 136-252. Grants to local governments and transportation authorities.**

43           (a) Cities, counties, regional public transportation authorities under Article 26 of  
44 Chapter 160A of the General Statutes, and regional transportation authorities under

1 Article 27 of Chapter 160A of the General Statutes may receive grants from the fund for  
2 public transportation purposes, including planning and engineering.

3 (b) No grant may be approved from the fund unless:

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

7 (2) The applicant has approved a transit plan that includes local planning  
8 policies and adopted plans that reasonably support transit ridership and  
9 appropriate land use.

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

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

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

21 **"§ 136-253. Grants to other units.**

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

24 (1) Assistance to short line railroads to continue and enhance rail service  
25 in the State so as to assist in economic development and access to ports  
26 and military installations. This may involve both the Rail Industrial  
27 Access program and the Short Line Infrastructure Access Program, as  
28 well as other innovative programs. Grants under this subdivision shall  
29 not exceed fifty percent (50%) of the nonfederal share, and must be  
30 matched by equal or greater funding from the applicant. Total grants  
31 under this subdivision may not exceed five million dollars  
32 (\$5,000,000) per fiscal year.

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

41 (3) Assistance to the State ports in terminal railroad facilities and  
42 operations, and to improve access to military installations, and to the  
43 North Carolina International Terminal. Grants under this subdivision  
44 shall not exceed fifty percent (50%) of the nonfederal share and must

1 be matched by equal or greater funding from the applicant. Total  
2 grants under this subdivision may not exceed ten million dollars  
3 (\$10,000,000) per fiscal year.

4 (4) Expansion of intercity passenger rail service, including increased  
5 frequency and additional cities serviced or introduction of commuter  
6 rail service. Routes under this section must extend beyond the  
7 territorial jurisdiction of a transportation authority.

8 (b) Grants under subsection (a) of this section may serve more than one of the  
9 four listed purposes.

10 **"§ 136-254. Grant approval.**

11 All grants made under this Article are subject to approval of the Board of  
12 Transportation. The fund may be administered in conjunction with G.S. 136-44.20 and  
13 G.S. 136-44.36, but any funds allocated under those sections shall continue to be  
14 available as provided therein.

15 **"§ 136-255. Funds remain available until expended.**

16 Appropriations to the fund remain available until expended."

17 CHAPTER II. Public Transportation Sales Tax: Mecklenburg, Triangle, Triad.

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

20 SECTION 2.(b) Article 43 of Chapter 105 of the General Statutes, as  
21 enacted by S.L. 1997-417 and amended by subsection (a) of this section, reads as  
22 rewritten:

23 "Article 43.

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

25 "Part 1. General.

26 **"§ 105-505. Short title; purpose.**

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

33 **"§ 105-506. Definitions.**

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

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

36 (4)(2) Net proceeds. – Gross proceeds less the cost of administering and  
37 collecting the tax.

38 (2)(3) Public transportation system. – Any combination of real and personal  
39 property established for purposes of public transportation. The systems  
40 may include one or more of the following: structures, improvements,  
41 buildings, equipment, vehicle parking or passenger transfer facilities,  
42 railroads and railroad rights-of-way, rights-of-way, bus services,  
43 shared-ride services, high-occupancy vehicle facilities, car-pool and  
44 vanpool programs, voucher programs, telecommunications and

1 information systems, integrated fare systems, bus lanes, and busways.  
2 The term does not include, however, streets, roads, or highways except  
3 to the extent they are dedicated to public transportation vehicles or to  
4 the extent they are necessary for access to vehicle parking or passenger  
5 transfer facilities.

6 (4) Transportation authority. – A regional public transportation authority  
7 or a regional transportation authority created pursuant to Article 26 or  
8 Article 27 of Chapter 160A of the General Statutes.

9 **§ 105-506.1. Exemption of food.**

10 A tax levied under this Article does not apply to the sales price of food that is not  
11 otherwise exempt from tax pursuant to G.S. 105-164.13 but would be exempt from the  
12 State sales and use tax pursuant to G.S. 105-164.13 if it were purchased with coupons  
13 issued under the Food Stamp Program, 7 U.S.C. § 2011.

14 "Part 2. Mecklenburg County.

15 **§ 105-507. Limitations.**

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

25 **§ 105-508. Local election on adoption of sales and use tax.**

26 (a) Resolution. – The board of commissioners of a county may direct the county  
27 board of elections to conduct an advisory referendum within the county on the question  
28 of whether a local sales and use tax at the rate of one-half percent (1/2%) may be levied  
29 in accordance with this ~~Article-Part~~. The election shall be held on a date jointly agreed  
30 upon by the boards and shall be held in accordance with the procedures of  
31 G.S. 163-287. The board of commissioners shall hold a public hearing on the question  
32 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  
34 special election concerning the levy of a tax authorized by this Article shall be:

35  FOR  AGAINST

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

39 **§ 105-509. Levy and collection of sales and use tax.**

40 If the majority of those voting in a referendum held pursuant to this ~~Article-Part~~ vote  
41 for the levy of the tax, the board of commissioners of the county may, by resolution,  
42 levy one-half percent (1/2%) local sales and use taxes in addition to any other State and  
43 local sales and use taxes levied pursuant to law. Except as provided in this ~~Article-Part~~,  
44 the adoption, levy, collection, administration, and repeal of these additional taxes shall

1 be in accordance with Article 39 of this Chapter. In applying the provisions of Article  
2 39 of this Chapter to this ~~Article~~Part, references to 'this Article' mean 'Part 1 of Article  
3 43 of Chapter 105 of the General Statutes'.

4 ~~A tax levied under this Article does not apply to the sales price of food that is not~~  
5 ~~otherwise exempt from tax pursuant to G.S. 105-164.13 but would be exempt from the~~  
6 ~~State sales and use tax pursuant to G.S. 105-164.13 if it were purchased with coupons~~  
7 ~~issued under the Food Stamp Program, 7 U.S.C. § 51.~~

8 **"§ 105-510. Distribution and use of taxes.**

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

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

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

29 **"§ 105-510.1. Applicability.**

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

31 "Part 3. Transportation Authorities.

32 **"§ 105-510.5. Limitations.**

33 A transportation authority may not levy a tax under this Part unless:

- 34 (1) It operates a public transportation system.  
35 (2) It has developed a financial plan and distributed it to each unit of local  
36 government located within its territorial jurisdiction. The plan must be  
37 approved by the board of commissioners of each county in the district  
38 prior to the levy of the tax. If the board of commissioners of a county  
39 in a multicounty district does not adopt the plan, the transportation  
40 authority may remove that county from the district, and no tax may be  
41 levied in that county under this Part. The financial plan must provide  
42 for equitable use of the net proceeds within the special district created  
43 under this Part and consider (i) the identified needs of local public  
44 transportation systems in the district, (ii) human service transportation

1           systems within the district, and (iii) expansion of public transportation  
2           systems to underserved areas of the district. The financial plan must  
3           also be approved by all Metropolitan Planning Organizations under  
4           Article 16 of this Chapter whose jurisdiction includes any of the area  
5           of the special district. The plan may be revised from time to time.

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

7 **"§ 105-510.6. 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 more counties within its territorial jurisdiction and  
11 may levy on behalf of the special district the tax authorized in this section. A special  
12 district created pursuant to this subsection is a body corporate and politic and has the  
13 power to carry out the purposes of this subsection. The board of trustees of the  
14 transportation authority shall serve, ex officio, as the governing body of a special  
15 district it creates pursuant to this subsection. The proceeds of a tax levied under this  
16 section may be used only for the benefit of the special district and only for the purposes  
17 provided in this Article. In the case of a regional transportation authority created  
18 pursuant to Article 27 of Chapter 160A of the General Statutes, the special district may  
19 not include counties other than Forsyth and Guilford Counties.

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

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

24           (2) In the case of a multicounty special district, a majority vote of all the  
25 county boards of commissioners within the special district,

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

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

35                                   [ ] FOR       [ ] AGAINST

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

38 **"§ 105-510.7. Levy and collection of sales and use tax – regional public**  
39 **transportation authority.**

40           If the majority of those voting in a referendum held pursuant to G.S. 105-510.6 vote  
41 for the levy of the tax, the transportation authority may, by resolution, levy one-half  
42 percent (1/2%) local sales and use taxes within the special district, in addition to any  
43 other State and local sales and use taxes levied pursuant to law. In determining the  
44 results of the election in a multicounty district, all the counties of the district shall be



1 considered to be one unit. Except as provided in this Part, the adoption, levy, collection,  
2 administration, and repeal of these additional taxes shall be in accordance with Article  
3 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this  
4 Article, references to 'this Article' mean 'Part 2 of Article 43 of Chapter 105 of the  
5 General Statutes.' Any repeal of the tax shall be done by the same procedure as its  
6 enactment under this section, and a petition for repeal under G.S. 105-473 shall be  
7 judged by the total votes in all three counties.

8 **"§ 105-510.8. Expansion of district.**

9 If a special district established under this Part does not include all the counties in the  
10 territorial jurisdiction of a transportation authority, it may be expanded to include an  
11 additional whole county or counties by joint action of the board of trustees of the  
12 transportation authority and the board of commissioners of the county or boards of  
13 commissioners of the counties to be added, with the approval of the voters in the county  
14 or counties to be added. The procedure for addition of a county or counties shall be the  
15 same as for the initial creation of the district, but the referendum shall be held separately  
16 within each of the counties to be added.

17 **"§ 105-510.9. Distribution and use of taxes.**

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

21 (b) Use. – A transportation authority must expend the net proceeds distributed to  
22 it in accordance with its financial plan adopted pursuant to G.S. 105-510.5 and use the  
23 net proceeds only for financing, constructing, operating, and maintaining local public  
24 transportation systems. The transportation authority shall use the net proceeds to  
25 supplement and not to supplant or replace existing funds or other resources for public  
26 transportation systems.

27 "Part 4. Other Counties.

28 **"§ 105-510.12. Limitations.**

29 A county may not levy a tax under this Part unless the county or at least one unit of  
30 local government in the county operates a public transportation system or contracts with  
31 a transportation authority to provide a public transportation system. In addition, a  
32 county may not levy a tax under this Part unless it has developed a financial plan and  
33 distributed it to each unit of local government in the county that operates a local public  
34 transportation system. The financial plan must provide for equitable allocation of the net  
35 proceeds distributed to the county in consideration of the identified needs of local public  
36 transportation systems in the county, countywide human service transportation systems,  
37 and expansion of public transportation service to unserved areas in the county.

38 **"§ 105-510.13 Local election on adoption of sales and use tax.**

39 (a) Resolution. – The board of commissioners of a county may direct the county  
40 board of elections to conduct an advisory referendum within the county on the question  
41 of whether a local sales and use tax at the rate of one-quarter percent (1/4%) may be  
42 levied in accordance with this Part. The election shall be held on a date jointly agreed  
43 upon by the boards and shall be held in accordance with the procedures of

1 G.S. 163-287. The board of commissioners shall hold a public hearing on the question  
2 at least 30 days before the date the election is to be held.

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

5 [ ] FOR [ ] AGAINST

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

8 **"§ 105-510.14. Levy and collection of sales and use tax.**

9 If the majority of those voting in a referendum held pursuant to this Part vote for the  
10 levy of the tax, the board of commissioners of the county may, by resolution, levy  
11 one-quarter percent (1/4%) local sales and use taxes in addition to any other State and  
12 local sales and use taxes levied pursuant to law. Except as provided in this Part, the  
13 adoption, levy, collection, administration, and repeal of these additional taxes shall be in  
14 accordance with Article 39 of this Chapter. In applying the provisions of Article 39 of  
15 this Chapter to this Part, references to 'this Article' mean 'Part 1 of Article 43 of Chapter  
16 105 of the General Statutes.'

17 **"§ 105-510.15. Distribution and use of taxes.**

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

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

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

37 **"§ 105-510.16. Applicability.**

38 (a) This Part only applies in counties that meet one or more of the following  
39 criteria:

- 40 (1) Have a population of 160,000 or over according to the most recent  
41 decennial federal census.
- 42 (2) Are members of a regional transportation authority created pursuant to  
43 Article 27 of Chapter 160A of the General Statutes.
- 44 (3) Are contiguous to Mecklenburg County.

1           (4) Are contiguous to Wake, Durham, or Orange County.

2           (b) This Part does not apply to Durham, Forsyth, Guilford, Mecklenburg,  
3 Orange, or Wake Counties."

4           CHAPTER III. Extension of Vehicle Registration Charge to Mecklenburg County.

5           **SECTION 3.** Section 6.2 of S.L. 1997-417, as added by Section 30 of S.L.  
6 2006-162, reads as rewritten:

7           "**SECTION 3.1.** A county authorized to impose a tax under Part 2 of Article 43 of  
8 Chapter 105 of the General Statutes, as enacted by Part 1 of this act, Statutes is  
9 considered an authority under under:

10           (1) Article 50 of Chapter 105 of the General Statutes, as enacted by  
11 Section 3 of this act, and the board of commissioners of that county is  
12 considered the board of trustees of the authority under Article 50.  
13 G.S. 105-554 of Article 50 does not apply to the proceeds of a tax  
14 imposed by a county considered an authority under this section. The  
15 proceeds of a tax imposed by a county considered an authority under  
16 this section must be transferred to the largest city in that county  
17 operating a public transportation system and used only for financing,  
18 constructing, operating, and maintaining a public transportation  
19 system. The proceeds may supplant existing funds allocated for a  
20 public transportation system. The term 'public transportation system'  
21 has the same meaning as defined in G.S. 105-506 of Article 43.  
22 G.S. 105-506.

23           (2) Article 51 of Chapter 105 of the General Statutes, as enacted by  
24 Section 4 of this act, and the board of commissioners of that county is  
25 considered the board of trustees of the authority under Article 51. The  
26 proceeds of a tax imposed by a county considered an authority under  
27 this section must be transferred to the largest city in that county  
28 operating a public transportation system and used only for financing,  
29 constructing, operating, and maintaining a public transportation  
30 system. The term 'public transportation system' has the same meaning  
31 as defined in G.S. 105-506."

32           CHAPTER IV. Local Vehicle Registration Charge Adjusted for Inflation.

33           **SECTION 4.(a)** Effective July 1, 2008, G.S. 105-561(a) reads as rewritten:

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

41           **SECTION 4.(b)** Effective July 1, 2008, G.S. 105-561(d) reads as rewritten:

42           "(d) Special Tax District. – If a regional transportation authority created under  
43 Article 27 of Chapter 160A of the General Statutes has not levied the tax under this  
44 section or has levied the tax at a rate of less than ~~five dollars (\$5.00)~~ seven dollars

1 (\$7.00), it may create a special district that consists of the entire area of one or more  
2 counties within its territorial jurisdiction and may levy on behalf of the special district  
3 the tax authorized in this section. The rate of tax levied within the special district may  
4 not, when combined with the rate levied within the entire territorial jurisdiction of the  
5 authority; exceed ~~five dollars (\$5.00)~~ seven dollars (\$7.00). The regional transportation  
6 authority may not levy or increase a tax within the special district unless the board of  
7 commissioners of each county in the special district has adopted a resolution approving  
8 the levy or increase.

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

17 CHAPTER V. Extension of Vehicle Registration Charge and Motor Vehicle Rental  
18 Charge to Counties Contiguous to the Triangle and Mecklenburg County and to Other  
19 Urban Counties.

20 SECTION 5. Subchapter IX of Chapter 105 of the General Statutes is  
21 amended by adding a new Article to read:

22 "Article 52. Urban County Vehicle Rental Tax and Registration Tax.

23 "§ 105-557. Urban County Vehicle Rental Tax.

24 (a) This section only applies in counties that meet all of the following criteria:

- 25 (1) Has a population of 160,000 or over according to the most recent  
26 decennial federal census.  
27 (2) Is not a member of a regional transportation authority created pursuant  
28 to Article 27 of Chapter 160A of the General Statutes.  
29 (3) Is not contiguous to Mecklenburg County.  
30 (4) Is not contiguous to Wake, Durham, or Orange County.

31 (b) This section does not apply to Durham, Forsyth, Mecklenburg, Orange, or  
32 Wake Counties.

33 (c) A county is considered an authority under Article 50 of this Chapter, and the  
34 board of commissioners of that county is considered the board of trustees of the  
35 authority under Article 50.

36 (d) To the extent that any county does not levy the full percentage authorized by  
37 Article 50 of this Chapter, any city located wholly within that county is considered an  
38 authority under Article 50 of this Chapter, and may levy a percentage under that Article  
39 as if it were an authority, such that the total gross levy of the county and city does not  
40 exceed the maximum permitted by law. For that purpose, the governing board of that  
41 city is considered the board of trustees of the authority under Article 50. If thereafter the  
42 county levies a tax at a rate that, combined with the city rate, would exceed the  
43 maximum, then the new county rate shall become effective on the first day of the next

1 fiscal year beginning at least 60 days after adoption, and that levy automatically reduces  
2 the city rate on that date so the combined rate does not exceed the maximum.

3 (e) The proceeds of a tax imposed by a county or city considered an authority  
4 under this section may be used by that county or city to operate or contract for the  
5 operation of a public transportation system and used only for financing, constructing,  
6 operating, and maintaining a public transportation system. The term 'public  
7 transportation system' has the same meaning as defined in G.S. 105-506.

8 **"§ 105-558; Urban County Vehicle Registration Tax.**

9 (a) A county authorized to impose a tax under Part 4 of Article 43 of Chapter 105  
10 of the General Statutes is considered an authority under Article 51 of this Chapter, and  
11 the board of commissioners of that county is considered the board of trustees of the  
12 authority under Article 51.

13 (b) To the extent that any county does not levy the full amount authorized by  
14 Article 51 of this Chapter, any city located wholly within that county is considered an  
15 authority under Article 51 of this Chapter and may levy an amount under that Article (in  
16 whole dollars) as if it were an authority, such that the total gross levy of the county and  
17 city does not exceed the maximum permitted by law. For that purpose, the governing  
18 board of that city is considered the board of trustees of the authority under Article 51. If  
19 thereafter the county levies a tax at a rate that, combined with the city rate, would  
20 exceed the maximum, then the new county rate shall become effective on the first day  
21 of the next fiscal year beginning at least 60 days after adoption, and that levy  
22 automatically reduces the city rate on that date so the combined rate does not exceed the  
23 maximum.

24 (c) The proceeds of a tax imposed by a county or city considered an authority  
25 under this section may be used by that county or city to operate or contract for the  
26 operation of a public transportation system and used only for financing, constructing,  
27 operating, and maintaining a public transportation system. The term 'public  
28 transportation system' has the same meaning as defined in G.S. 105-506. Any levy by a  
29 city under this section is in addition to any authority granted by G.S. 20-97 or any other  
30 local act."

31 CHAPTER V. Extension of State Ports Tax Credit.

32 **SECTION 6.(a)** G.S. 105-130.41(d) reads as rewritten:

33 "(d) Sunset. – This section is repealed effective for taxable years beginning on or  
34 after January 1, ~~2009~~ 2014."

35 **SECTION 6.(b)** G.S. 105-151.22(d) reads as rewritten:

36 "(d) Sunset. – This section is repealed effective for taxable years beginning on or  
37 after January 1, ~~2009~~ 2014."

38 **SECTION 7.** This act is effective when it becomes law.