

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 962

Short Title: Municipal Sales Tax. (Public)

Sponsors: Representative Hamilton (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Rules, Calendar, and Operations of the House, if favorable, Finance.

April 18, 2013

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.



1 **"§ 105-543. Administration.**

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

11 **"§ 105-544. Distribution and use.**

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

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

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