

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 947  
Committee Substitute Favorable 5/30/18

Short Title: Municipal Local Option Sales Tax.

(Local)

Sponsors:

Referred to:

May 17, 2018

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE CERTAIN CITIES TO HOLD A REFERENDUM REGARDING  
3 THE LEVY OF A MUNICIPAL ONE-QUARTER PERCENT SALES AND USE TAX.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** This section applies to the Town of Mooresville and the City of Mt.  
6 Airy only.

7 **SECTION 1.(b)** Subchapter VIII of Chapter 105 of the General Statutes is amended  
8 by adding a new Article to read:

9 "Article 47.

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

11 "**§ 105-540. Short title.**

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

13 "**§ 105-541. Definitions.**

14 The following definitions apply in this Article:

15 (1) Net proceeds. – Defined in G.S. 105-472.

16 (2) Street improvement. – Grading, surfacing, widening, or paving a street;  
17 acquiring one or more rights-of-way for a street; and constructing a sidewalk,  
18 curb, or gutter.

19 "**§ 105-542. Levy.**

20 (a) Authority. – If the majority of those voting in a referendum held pursuant to this  
21 Article vote for the levy of the tax, the governing body of the municipality may, by resolution  
22 and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter percent  
23 (1/4%) in addition to any other State and local sales and use taxes levied pursuant to law.

24 (b) Vote. – The governing body of the municipality may direct the county board of  
25 elections to conduct an advisory referendum on the question of whether to levy a local sales and  
26 use tax in the municipality as provided in this Article. The election shall be held on a date jointly  
27 agreed upon by the governing body of the municipality and the county board of elections and  
28 shall be held in accordance with the procedures of G.S. 163A-1592.

29 (c) 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 (1/4%) in addition to all other State  
33 and local sales and use taxes for the purposes of street improvement."

34 "**§ 105-543. Administration.**

35 Except as provided in this Article, the adoption, levy, collection, administration, and repeal  
36 of the additional taxes authorized by this Article shall be in accordance with Article 39 of this



Chapter. References to "county," "counties," or "board of county commissioners" within Article 39 of this Chapter shall be interpreted as referring to "municipality," "municipalities," or "governing body of the municipality," respectively, for purposes of the tax authorized by this Article. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied under this Article does not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a).

**"§ 105-544. Distribution and use.**

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

(b) Use. – A municipality may use the net proceeds of a tax levied under this Article for street improvement."

**SECTION 2.(a)** This section applies to the City of Hendersonville only.

**SECTION 2.(b)** Subchapter VIII of Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 47.

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

**"§ 105-540. Short title.**

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

**"§ 105-541. Definitions.**

For purposes of this Article, net proceeds is defined in G.S. 105-472.

**"§ 105-542. 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 governing body of the municipality may, by resolution and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter percent (1/4%) in addition to any other State and local sales and use taxes levied pursuant to law.

(b) Vote. – The governing body of the municipality 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 municipality as provided in this Article. The election shall be held on a date jointly agreed upon by the governing body of the municipality and the county board of elections and shall be held in accordance with the procedures of G.S. 163A-1592.

(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 (1/4%) in addition to all other State and local sales and use taxes for the purposes of public facilities and infrastructure."

**"§ 105-543. Administration.**

Except as provided in this Article, the adoption, levy, collection, administration, and repeal of the additional taxes authorized by this Article shall be in accordance with Article 39 of this Chapter. References to "county," "counties," or "board of county commissioners" within Article 39 of this Chapter shall be interpreted as referring to "municipality," "municipalities," or "governing body of the municipality," respectively, for purposes of the tax authorized by this Article. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied under this Article does not apply to the sales price of food that is exempt from tax pursuant to

1 G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to  
2 G.S. 105-467(a)(5a).

3 **"§ 105-544. Distribution and use.**

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8 taxes among the taxing municipalities in proportion to the amount of taxes collected in each  
9 municipality under this Article during that month and shall include them in the monthly  
10 distribution. Amounts collected by electronic funds transfer payments are included in the  
11 distribution for the month in which the return that applies to the payment is received.

12 (b) Use. – A municipality may use the net proceeds of a tax levied under this Article for  
13 public facilities and infrastructure."

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