

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE BILL 394\*  
Second Edition Engrossed 8/6/15

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

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE FRANKLIN, NASH, ROBESON, AND RUTHERFORD  
3 COUNTIES TO USE THE PROCEEDS OF THE LOCAL GOVERNMENT SALES AND  
4 USE TAX FOR PUBLIC TRANSPORTATION FOR SCHOOL CONSTRUCTION IN  
5 LIEU OF PUBLIC TRANSPORTATION.

6 The General Assembly of North Carolina enacts:

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

9 "Article 43A.

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

12 **"§ 105-512.1. Short title; purpose.**

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

19 **"§ 105-512.2. Applicability; limitation.**

20 (a) Applicability. – This Article applies only to a county that levies the first one-cent  
21 (1¢) local sales and use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967  
22 Session Laws, the first one-half cent (1/2¢) local sales and use tax under Article 40 of this  
23 Chapter, and the second one-half cent (1/2¢) local sales and use tax under Article 42 of this  
24 Chapter.

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

27 **"§ 105-512.3. Levy.**

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

32 (b) Authority. – If the majority of those voting in a referendum held pursuant to this  
33 Article vote for the levy of the tax, the board of commissioners of the county may, by  
34 resolution and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter  
35 percent (1/4%).



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

3 "[ ] FOR [ ] AGAINST

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

8 **"§ 105-512.4. Administration.**

9 Except as provided in this Article, the adoption, levy, collection, administration, and repeal  
10 of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1  
11 is an administrative provision that applies to this Article. A tax levied under this Article does  
12 not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to  
13 the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary  
14 shall not divide the amount allocated to a county between the county and the municipalities  
15 within the county.

16 **"§ 105-512.5. Use.**

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

19 **SECTION 2.** This act applies to Franklin, Nash, Robeson, and Rutherford Counties  
20 only.

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