

**A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE MUNICIPALITIES TO
LEVY AN ADDITIONAL ONE-QUARTER PERCENT SALES AND USE TAX**

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 105 of the General Statutes is amended by adding a new Subchapter XI to read as follows:

"§ 105-605. Local Option Sales tax.

(a) Tax. – If the majority of those voting in a referendum held pursuant to this section vote for the levy of the tax, the governing body of a 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%).

(b) Vote. – The governing body of a 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 corporate limits of the city as provided in this section. The election shall be held in accordance with the procedures of G.S. 163-287.

(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 section shall be:

"[] FOR [] AGAINST

Local sales and use tax at the rate of one-quarter percent (1/4%) in addition to the current local sales and use taxes to be used only beach nourishment; construction and improvement of public infrastructure and facilities; affordable housing; economic development; traffic signals; street lighting; street and directional signage; police; fire; and rescue services support."

(d) Administration. – Except as provided in this section, the adoption, levy, collection, administration, and repeal of the additional taxes authorized by this section 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 section. A tax levied under this section 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).

(e) 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 section. 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 section 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.

(f) Use. – A municipality may use the net proceeds of a tax levied under this section for beach nourishment; construction and improvement of public infrastructure and facilities; affordable housing; economic development; traffic signals; street lighting; street and directional signage; police; fire; and rescue services support."

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