

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 148*
Committee Substitute Favorable 3/11/09
Committee Substitute #2 Favorable 4/15/09

Short Title: Congestion Relief/Intermodal Transport Fund.

(Public)

Sponsors:

Referred to:

February 12, 2009

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A CONGESTION RELIEF AND INTERMODAL
TRANSPORTATION 21ST 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; TO EXTEND LEVELS OF LOCAL TRANSIT
FUNDING AUTHORIZATION TO THREE URBAN REGIONS; AND TO ALLOW
OTHER LOCAL GOVERNMENTS OPTIONS FOR LOCAL TRANSIT FUNDING.

The General Assembly of North Carolina enacts:

FUND ESTABLISHED

SECTION 1. Chapter 136 of the General Statutes is amended by adding a new
Article to read:

"Article 19.

"Congestion Relief and Intermodal 21st Century Transportation Fund.

"§ 136-250. Congestion Relief and Intermodal Transportation 21st Century Fund.

There is established in the State treasury the Congestion Relief and Intermodal
Transportation 21st Century Fund, hereinafter referred to as the Fund. The Fund shall consist of
all revenues appropriated and allocated to it. Interest on earnings of the Fund shall remain
within the Fund.

"§ 136-251. Findings of fact.

The General Assembly finds that:

- (1) Increased use of rail for transport of freight will reduce highway congestion
as well as allow economic expansion in a way that lessens the impact on the
State highway system.
- (2) Public transportation, in addition to a program of urban loops and toll roads,
will enable North Carolina to have a balanced 21st century transportation
system.
- (3) As part of its initial program of internal improvements, the State capitalized
the North Carolina Railroad in the 1840s and invested in other railroads, and
those internal improvements led to North Carolina's rapid economic



- 1 development. The North Carolina Railroad, with a 317-mile corridor from
2 Charlotte to Morehead City, is still owned by the State.
- 3 (4) Improved rail facilities and restoration of abandoned rail lines can allow
4 increased access to the North Carolina State ports and military installations
5 located within the State.
- 6 (5) Session Law 2005-222 found that expanding and upgrading passenger,
7 freight, commuter, and short-line rail service is important to the economy of
8 North Carolina; and provided that the State would seek to provide matching
9 funds partly so it can leverage the maximum federal and private participation
10 to fund needed rail initiatives, such as the restoration of the rail corridor
11 from Wallace to Castle Hayne and a rail connection between north-south and
12 east-west routes in the vicinity of Pembroke.
- 13 (6) Rail freight plays a vital role in economic development throughout the State.
14 Intermodal service depends on partnerships with railroads, trucking
15 companies, seaports, and others in the transportation logistics chain. North
16 Carolina has 3,250 mainline miles of track, with Class I railroads holding
17 seventy-nine percent (79%) of the trackage rights, the remainder controlled
18 by local railroads and switching and terminal railroads. The 2006 Mid-Cycle
19 Update to the North Carolina Statewide Intermodal Transportation Plan
20 identified seven hundred ninety-nine million dollars (\$799,000,000) in
21 freight rail needs over the next 25 years, including maintenance and
22 preservation, modernization, and expansion.
- 23 (7) North Carolina's short-line railroads play a key role in the State's economic
24 development and transportation service and are needed to provide essential
25 services to other modes of transportation and the North Carolina port system.
26 North Carolina agriculture is dependent upon essential service by short-line
27 railroads. State funds are needed to maintain short-line railroads as viable
28 contributors to economic development, agriculture, and transportation in this
29 State in order to prevent the loss of regional rail service. The Department of
30 Transportation reported that 44,992 rail cars handled by short-lines kept
31 179,688 trucks off North Carolina highways. Short-line railroads are
32 essential to preserve and develop jobs in rural and small urban areas of
33 North Carolina.
- 34 (8) Intermodal facilities and inland ports can greatly reduce freight traffic on
35 North Carolina's highway system, reducing demand, congestion, and
36 damage.
- 37 (9) The proposed North Carolina International Terminal will need high-capacity
38 intermodal access.
- 39 (10) Most of North Carolina's growth is in its urban regions. According to the
40 State Data Center, during the first decade of the 21st century, sixty-six
41 percent (66%) of the projected 1,270,000 growth in population is in 15 urban
42 counties surrounding Charlotte, Raleigh, and the Triad, while forty percent
43 (40%) is in just six counties: Mecklenburg, Wake, Durham, Orange, Forsyth,
44 and Guilford.
- 45 (11) This large urban population growth greatly taxes resources. Despite the
46 visionary creation of the Highway Trust Fund by the 1989 General
47 Assembly and the funding of urban loop highways, congestion continues to
48 worsen. Creation of a special fund to help meet urban transportation needs
49 with alternatives such as rail transit and buses, coupled with land-use
50 planning, will spur and guide economic development in a more
51 economically and environmentally sound manner. Investment in public

1 transportation facilitates economic opportunity to the State through job
2 creation, access to employment, and residential and commercial
3 development. Public transportation also protects the public health by
4 decreasing air pollution and reducing carbon emissions. It reduces traffic
5 congestion, road expenditures, public and private parking costs, and the
6 number of traffic accidents. Charlotte's recent success in opening the first
7 phase of its light rail system, with ridership significantly over projections,
8 shows that North Carolinians are willing to use transportation alternatives.

9 (12) Significant local revenues are needed to match State funds so that a major
10 portion of the expenses is borne by the localities receiving the majority of
11 the benefits. A local option sales tax for public transportation was approved
12 by a fifty-eight percent (58%) favorable vote in Mecklenburg County in
13 1998 and reaffirmed by a seventy percent (70%) favorable vote in 2007.
14 Extending this authority to additional jurisdictions, along with other revenue
15 options, will enable localities to demonstrate local support for additional
16 transit options.

17 (13) Surveys have indicated broad public support for providing additional public
18 transportation options and for allowing localities to generate revenue to
19 match State grants.

20 **§ 136-252. Grants to local governments and transportation authorities.**

21 (a) Eligible Entities. – The following entities are eligible to receive grants under this
22 section from the Fund for public transportation purposes, which includes planning and
23 engineering:

24 (1) Cities.

25 (2) Counties.

26 (3) Public transportation authorities under Article 25 of Chapter 160A of the
27 General Statutes.

28 (4) Regional public transportation authorities under Article 26 of Chapter 160A
29 of the General Statutes.

30 (5) Regional transportation authorities under Article 27 of Chapter 160A of the
31 General Statutes.

32 (b) Requirements. – A grant may be approved from the Fund only if all of the following
33 conditions are met:

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

37 (2) The applicant has approved a transit plan that includes the following:

38 a. Relief of anticipated traffic congestion.

39 b. Improvement of air quality.

40 c. Reduction in anticipated energy consumption.

41 d. Promotion of a pedestrian- and bike-friendly environment around and
42 connected to transit stations.

43 e. Promotion of mixed-use and transit-oriented developments and other
44 land-use tools that encourage multimodal mobility.

45 f. Coordination with the housing needs assessment and plan provided
46 in subdivision (3) of this subsection.

47 g. Promotion of access to public transportation for individuals who
48 reside in areas with a disproportionate number of households below
49 the area median income.

50 h. Coordination and planning with local education agencies to reduce
51 transportation costs.

1 i. Coordination with local governments with zoning jurisdiction to
2 carry out elements of the plan.

3 The applicant may also include plans for new public transportation services
4 and public transportation alternatives beyond those required by the
5 Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.) that
6 assist individuals with disabilities with transportation, including
7 transportation to and from jobs and employment support services.

8 (3) The applicant has approved a housing needs assessment and plan, or
9 includes with its application such assessment and plan (or assessments and
10 plans) approved by another unit or units of local government within its
11 service area, that includes the following:

12 a. A housing inventory of market rate, assisted housing units, and
13 vacant residential parcels.

14 b. An analysis of existing housing conditions, affordable housing needs,
15 and housing needs for specific population groups, such as people
16 who are elderly, are disabled, have special needs, or are homeless.

17 c. A catalogue of available resources to address housing needs.

18 d. Identification of potential resources and a strategy to provide
19 replacement housing for low-income residents displaced by transit
20 development and to increase stock of affordable housing to at least
21 fifteen percent (15%) within a one-half mile radius of each transit
22 station and bus hub to be affordable to families with income less than
23 sixty percent (60%) of area median income.

24 e. Goals, strategies, and actions to address housing needs over a
25 five-year period.

26 (4) The applicant has an adequate and sustainable source of funding established
27 for its share of project costs.

28 (5) The applicant agrees to submit to both the Secretary and each Metropolitan
29 Planning Organization that approved the application a periodic update of the
30 implementation of both the transit plan and the housing needs assessment
31 and plan. Each Metropolitan Planning Organization receiving such update
32 shall afford interested parties the opportunity to comment on the update.

33 (c) Multiyear Allotments. – Grants from the Fund may be committed for a multiyear
34 basis to stabilize the phased implementation of a plan, including multiyear allotments. The
35 Secretary of Transportation, after consultation with the Board of Transportation, shall approve,
36 and amend from time to time, a rolling multiyear projection of up to 15 years for allocation of
37 funds under this section. No applicant is eligible under the 15-year plan projection for more
38 than one-third of the total funds to be granted under this Article during that 15-year period.

39 (d) Cap; Matching Requirement. – A grant under this section may not exceed
40 twenty-five percent (25%) of the cost of the project and must be matched by an equal or greater
41 amount of funds by the applicant. In evaluating projects, qualification for federal funding shall
42 be considered.

43 **"§ 136-253. Grants to other units.**

44 (a) Eligible Entities; Purposes. – State agencies and railroads are eligible to receive
45 grants under this section from the Fund for any of the following purposes:

46 (1) Assistance to short-line railroads to continue and enhance rail service in the
47 State so as to assist in economic development and access to ports and
48 military installations. This may involve both the Rail Industrial Access
49 Program and the Short Line Infrastructure Access Program, as well as other
50 innovative programs. Grants under this subdivision shall not exceed fifty
51 percent (50%) of the nonfederal share and must be matched by equal or

1 greater funding from the applicant. Total grants under this subdivision may
2 not exceed five million dollars (\$5,000,000) per fiscal year.

3 (2) Assistance to any railroad in the construction of rail improvements,
4 intermodal or multimodal facilities or restorations to (i) serve ports, military
5 installations, inland ports or (ii) improve rail infrastructure to reduce or
6 mitigate truck traffic on the highway system. Grants under this subdivision
7 shall not exceed fifty percent (50%) of the nonfederal share and must be
8 matched by equal or greater funding from the applicant. Total grants under
9 this subdivision may not exceed ten million dollars (\$10,000,000) per fiscal
10 year.

11 (3) Assistance (i) to the State ports in terminal railroad facilities and operations,
12 (ii) to improve access to military installations, and (iii) to the North Carolina
13 International Terminal. Grants under this subdivision shall not exceed fifty
14 percent (50%) of the nonfederal share and must be matched by equal or
15 greater funding from the applicant. Total grants under this subdivision may
16 not exceed ten million dollars (\$10,000,000) per fiscal year.

17 (4) Expansion of intercity passenger rail service, including increased frequency
18 and additional cities serviced. Routes under this subdivision must extend
19 beyond the territorial jurisdiction of a transportation authority.

20 (b) Commuter Rail Service Grants. – State agencies, railroads, transportation authorities
21 under Article 25 of Chapter 160A of the General Statutes, regional public transportation
22 authorities under Article 26 of Chapter 160A of the General Statutes, and regional
23 transportation authorities under Article 27 of Chapter 160A of the General Statutes are eligible
24 to receive grants under this section from the Fund for the introduction of commuter rail service.
25 Routes under this subsection must extend beyond the territorial jurisdiction of a transportation
26 authority.

27 **"§ 136-254. Grant approval.**

28 All grants made under this Article are subject to approval of the Secretary of Transportation
29 after consultation with the Board of Transportation. The Fund may be administered in
30 conjunction with G.S. 136-44.20 and G.S. 136-44.36, but any funds allocated under those
31 sections shall continue to be available as provided therein.

32 **"§ 136-255. Funds remain available until expended.**

33 Appropriations to the Fund remain available until expended."

34
35 **PUBLIC TRANSPORTATION SALES TAX AUTHORIZED**

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

37 **SECTION 2.(b)** Article 43 of Chapter 105 of the General Statutes, as enacted by
38 S.L. 1997-417 and amended by Section 13(f) of S.L. 2001-427, Section 74 of S.L. 2008-134,
39 and by subsection (a) of this section, reads as rewritten:

40 "Article 43.

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

42 "Part 1. General.

43 **"§ 105-505. Short title; purpose.**

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

50 **"§ 105-506. Definitions.**

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

- 1 (1) Board of trustees. – The governing body of a transportation authority.
- 2 ~~(1)~~(2) Net proceeds. – Gross proceeds less the cost of administering and collecting
- 3 the tax.
- 4 ~~(2)~~(3) Public transportation system. – Any combination of real and personal
- 5 property established for purposes of public transportation. The systems may
- 6 include one or more of the following: structures, improvements, buildings,
- 7 equipment, vehicle parking or passenger transfer facilities, railroads and
- 8 railroad rights-of-way, rights-of-way, bus services, shared-ride services,
- 9 high-occupancy vehicle facilities, car-pool and vanpool programs, voucher
- 10 programs, telecommunications and information systems, integrated fare
- 11 systems, and the interconnected bicycle and pedestrian infrastructure that
- 12 supports public transportation, bus lanes, and busways. The term does not
- 13 include, however, streets, roads, or highways except to the extent they are
- 14 dedicated to public transportation vehicles or to the extent they are necessary
- 15 for access to vehicle parking or passenger transfer facilities.
- 16 (4) Transportation authority. – For the purposes of Parts 3 and 3A of this
- 17 Article, a regional public transportation authority created pursuant to Article
- 18 26 of Chapter 160A of the General Statutes; and for the purposes of Parts 3
- 19 and 3B of this Article, a regional transportation authority created pursuant to
- 20 Article 27 of Chapter 160A of the General Statutes.

21 **"§ 105-506.1. Exemption of food.**

22 A tax levied under this Article does not apply to the sales price of food that is exempt from
 23 tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant
 24 to G.S. 105-467(a)(5a).

25 "Part 2. Mecklenburg County.

26 **"§ 105-507. Limitations.**

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

35 **"§ 105-508. Local election on adoption of sales and use tax.**

36 (a) Resolution. – The board of commissioners of a county may direct the county board
 37 of elections to conduct an advisory referendum within the county on the question of whether a
 38 local sales and use tax at the rate of one-half percent (1/2%) may be levied in accordance with
 39 this ~~Article-Part~~. The election shall be held on a date jointly agreed upon by the boards and
 40 shall be held in accordance with the procedures of G.S. 163-287. The board of commissioners
 41 shall hold a public hearing on the question at least 30 days before the date the election is to be
 42 held.

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

45 [] FOR [] AGAINST

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

48 **"§ 105-509. Levy and collection of sales and use tax.**

49 If the majority of those voting in a referendum held pursuant to ~~this Article-G.S. 105-508~~
 50 vote for the levy of the tax, the board of commissioners of the county may, by resolution, levy
 51 one-half percent (1/2%) local sales and use taxes in addition to any other State and local sales

1 and use taxes levied pursuant to law. Except as provided in this ~~Article, Part,~~ the adoption,
2 levy, collection, administration, and repeal of these additional taxes shall be in accordance with
3 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this
4 ~~Article Part,~~ references to 'this Article' mean 'Part 1 of Article 43 of Chapter 105 of the General
5 Statutes'.

6 **"§ 105-510. Distribution and use of taxes.**

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

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

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

25 **"§ 105-510.1. Applicability.**

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

27 "Part 3. Transportation Authorities.

28 **"§ 105-510.5. Special districts.**

29 (a) Authority. – A transportation authority may create a special district as provided in
30 Parts 3A and 3B of this Article. A special district is subject to the provisions of this Part as well
31 as the Part under which it was created. A special district created under this Article is a local
32 government body corporate and politic and has the power to carry out the purposes of the Part
33 under which it is established.

34 (b) Governance. – The following entity shall serve ex officio as the governing board
35 and be responsible for budget adoption and the operation and management of the transit
36 services provided by the district:

37 (1) The board of trustees of the transportation authority, if the special district
38 consists of multiple counties. If the special district is expanded under
39 G.S. 105-510.8(d) or G.S. 105-510.10(d) to include more than one county,
40 then the board of trustees of the transportation authority shall become the
41 governing board of the district beginning on the first day of the next fiscal
42 year after expansion of the district.

43 (2) The county board of commissioners, if the special district consists of one
44 county. The board may contract with the transportation authority as needed.

45 (c) Filing Requirement. – The transportation authority creating a special district shall
46 name it and file with the Secretary of State the documents creating the district, and shall also
47 file notice of the addition to and removal from the district of any counties, or of the abolition of
48 the special district.

49 **"§ 105-510.6. Limitations.**

50 A transportation authority may not levy a tax under Part 3A or 3B of this Article unless:

51 (1) It operates a public transportation system.

1 (2) It has developed a financial plan and distributed it to each unit of local
2 government located within its territorial jurisdiction. The plan must be
3 approved by the board of commissioners of each county in the district prior
4 to the levy of the tax. If the board of commissioners of a county in a
5 multicounty district does not adopt the plan, the transportation authority may
6 remove that county from the district, and no tax may be levied in that county
7 under this Part. The financial plan must provide for equitable use of the net
8 proceeds within or to benefit the special district created under Part 3A or
9 Part 3B of this Article and consider (i) the identified needs of local public
10 transportation systems in the district, (ii) human service transportation
11 systems within the district, and (iii) expansion of public transportation
12 systems to underserved areas of the district. The financial plan must also be
13 approved by all Metropolitan Planning Organizations under Article 16 of
14 Chapter 136 of the General Statutes whose jurisdiction includes any of the
15 area of the special district. The plan may be revised from time to time. An
16 interlocal agreement between the transportation authority and all the
17 counties in the special district may require periodic review and approval of
18 the financial plan.

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

20 **"§ 105-510.7. Distribution and use of taxes.**

21 (a) Distribution. – The Secretary shall, on a monthly basis, allocate to each special
22 district the net proceeds of the tax levied under this Part within the special tax district, to be
23 used for the benefit of that district.

24 (b) Use. – A special district must expend the net proceeds distributed to it in accordance
25 with its financial plan adopted pursuant to G.S. 105-510.6 and use the net proceeds only for
26 financing, constructing, operating, and maintaining public transportation systems. The special
27 district shall use the net proceeds to supplement and not to supplant or replace existing funds or
28 other resources for public transportation systems.

29 "Part 3A. Regional Public Transportation Authority (Triangle).

30 **"§ 105-510.8. Local election on adoption of sales and use tax – regional public**
31 **transportation authority.**

32 (a) Special District. – A regional public transportation authority may create a special
33 district that consists of the entire area of one or more counties within its territorial jurisdiction
34 and may levy on behalf of the special district the tax authorized in this section. The proceeds of
35 a tax levied under this section may be used only for the benefit of the special district and only
36 for the purposes provided in this Article. If a referendum in a district fails in all the counties in
37 the district, the transportation authority may abolish the special district.

38 (b) Resolution. – The board of trustees of the regional public transportation authority
39 may, if all of the conditions listed in this subsection have been met, direct the respective county
40 board or boards of elections to conduct an advisory referendum within the special district on
41 the question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be
42 levied within the district in accordance with this Part. The tax may not be levied without voter
43 approval. The election shall be held on a date jointly agreed upon by the authority, the county
44 board or boards of commissioners, and the county board or boards of elections and shall be
45 held in accordance with the procedures of G.S. 163-287. The conditions are as follows:

46 (1) The board of trustees has obtained approval to conduct a referendum by a
47 vote of the following:

48 a. A majority vote of each of the county boards of commissioners
49 within the special district, if it is a multicounty special district.

50 b. A majority of the county board of commissioners within the special
51 district, if it is a single-county special district.

1 (2) A public hearing is held on the question by the board or boards of
2 commissioners at least 30 days before the date the election is to be held.

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

5 [] FOR [] AGAINST

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

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

16 **"§ 105-510.9. Levy and collection of sales and use tax – regional public transportation**
17 **authority.**

18 If the majority of those voting in a referendum held pursuant to G.S. 105-510.8 vote for the
19 levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)
20 local sales and use taxes within the special district, in addition to any other State and local sales
21 and use taxes levied pursuant to law. In determining the results of the election in a multicounty
22 district, all the counties of the district shall be considered to be one unit but also must receive a
23 majority vote in each county, except that if the referendum is passed in one or more but not all
24 of the counties, the counties in which the referendum was not approved are removed from the
25 special district upon certification of the election result and the county or counties that approved
26 the referendum shall remain in the special district. Except as provided in this Part, the adoption,
27 levy, collection, administration, and repeal of these additional taxes shall be in accordance with
28 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this
29 Article, references to 'this Article' mean 'Part 3A of Article 43 of Chapter 105 of the General
30 Statutes.' Any repeal of the tax shall be done by the same procedure as its enactment under this
31 section, and in a multicounty district a petition for repeal under G.S. 105-473 shall be judged
32 by the total votes in all the counties in the district.

33 "Part 3B. Regional Transportation Authority (Triad).

34 **"§ 105-510.10. Local election on adoption of sales and use tax – regional transportation**
35 **authority.**

36 (a) Special District. – A regional transportation authority may create a special district
37 that consists of the entire area of one or two counties within its territorial jurisdiction and may
38 levy on behalf of the special district the tax authorized in this section. The special district may
39 not include counties other than Forsyth and Guilford. The proceeds of a tax levied under this
40 section may be used only for the benefit of the special district and only for the purposes
41 provided in this Article. If a referendum in a district fails, the transportation authority may
42 abolish the special district.

43 (b) Resolution. – The board of trustees of the regional transportation authority may, if
44 all of the conditions listed in this subsection have been met, direct the respective county board
45 or boards of elections to conduct an advisory referendum within the special district on the
46 question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be
47 levied within the district in accordance with this Part. The tax may not be levied without voter
48 approval. The election shall be held on a date jointly agreed upon by the authority, the county
49 board or boards of commissioners, and the county board or boards of elections and shall be
50 held in accordance with the procedures of G.S. 163-287. The conditions are as follows:

- 1 (1) The board of trustees has obtained approval to conduct a referendum by a
2 vote of the following:
3 a. A majority vote of both of the county boards of commissioners
4 within the special district, if it is a multicounty special district.
5 b. A majority of the county board of commissioners within the special
6 district, if it is a single-county special district.
7 (2) A public hearing is held on the question by the board or boards of
8 commissioners at least 30 days before the date the election is to be held.

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

11 FOR AGAINST

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

14 (d) Expansion. – If a special district created under this Part does not include both of the
15 eligible counties under subsection (a) of this section, it may be expanded to include the other
16 county by joint action of the board of trustees of the transportation authority and the board of
17 commissioners of the county to be added, with the approval of the voters in the county to be
18 added. The procedure for expansion of the district is the same as for the initial creation of the
19 district, but the referendum shall be held separately in the county to be added.

20 **"§ 105-510.11. Levy and collection of sales and use tax – regional transportation**
21 **authority.**

22 If the majority of those voting in a referendum held pursuant to G.S. 105-510.10 vote for
23 the levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)
24 local sales and use taxes within the special district, in addition to any other State and local sales
25 and use taxes levied pursuant to law. In determining the results of the election in a multicounty
26 district, all the counties of the district shall be considered to be one unit but also must receive a
27 majority vote in each county, except that if the referendum is passed in one but not both of the
28 counties, the county in which the referendum was not approved is removed from the special
29 district upon certification of the election result and the county that approved the referendum
30 shall remain in the special district. Except as provided in this Part, the adoption, levy,
31 collection, administration, and repeal of these additional taxes shall be in accordance with
32 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this
33 Article, references to 'this Article' mean 'Part 3B of Article 43 of Chapter 105 of the General
34 Statutes.' Any repeal of the tax shall be done by the same procedure as its enactment under this
35 section, and in a multicounty district a petition for repeal under G.S. 105-473 shall be judged
36 by the total votes in all the counties in the district.

37 "Part 4. Other Counties.

38 **"§ 105-510.12. Applicability.**

39 This Part applies only in counties other than Durham, Forsyth, Guilford, Mecklenburg,
40 Orange, or Wake.

41 **"§ 105-510.13. Limitations.**

42 A county may not levy a tax under this Part unless the county or at least one unit of local
43 government in the county operates a public transportation system. As used in this Part,
44 operation of a public transportation system includes a contract or interlocal agreement for
45 operation of the public transportation system by another county or municipality, or by a
46 transportation authority created under (i) a municipal charter; or (ii) Article 25, 26, or 27 of
47 Chapter 160A of the General Statutes. As used in this Part, operation of a public transportation
48 system also includes a contract with a private entity for operation of the public transportation
49 system.

50 **"§ 105-510.14. Local election on adoption of sales and use tax.**

1 (a) Resolution. – The board of commissioners of a county may direct the county board
2 of elections to conduct an advisory referendum within the county on the question of whether a
3 local sales and use tax at the rate of one-quarter percent (1/4%) may be levied in accordance
4 with this Part. The election shall be held on a date jointly agreed upon by the boards and shall
5 be held in accordance with the procedures of G.S. 163-287. The board of commissioners shall
6 hold a public hearing on the question at least 30 days before the date the election is to be held.

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

9 FOR AGAINST

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

12 **"§ 105-510.15. Levy and collection of sales and use tax.**

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

20 **"§ 105-510.16. Distribution and use of taxes.**

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

27 The Secretary shall distribute the net proceeds of the tax levied by a county on a per capita
28 basis among the county and the units of local government in the county that operate a public
29 transportation system as follows:

30 (1) To the county based on the population of the county that is not in an
31 incorporated area, and to the municipalities within the county based on the
32 population of that municipality that is located within that county. To
33 determine the population of each county and each municipality, the
34 Secretary shall use the most recent annual estimate of population certified by
35 the State Budget Officer.

36 (2) Notwithstanding subdivision (1) of this subsection, if a municipality to
37 which funds are to be allocated neither operates nor contracts for the
38 operation of a public transportation system, the population of that
39 municipality shall be excluded from the calculations of subdivision (1) of
40 this subsection.

41 (3) Notwithstanding subdivision (1) of this subsection, if a county to which
42 funds are to be allocated neither operates nor contracts for the operation of a
43 public transportation system, the population of that county not in an
44 incorporated area shall be excluded from the calculations of subdivision (1)
45 of this subsection.

46 If a county or a municipality that does not receive an allocation of funds on account of
47 subdivision (2) or (3) of this subsection begins to operate or contract for the operation of a
48 public transportation system, that county or municipality shall begin receiving funds beginning
49 the first day of July that is more than 30 days thereafter.

50 (b) Use. – A county or municipality may use funds received under this Part only for
51 financing, constructing, operating, and maintaining public transportation systems. Every unit of

1 government shall use funds to supplement and not to supplant or replace existing funds or other
2 resources for public transportation systems."

3 **SECTION 2.(c)** Section 7 of S.L. 1997-417 reads as rewritten:

4 "Section 7. A tax levied under Article 43 of Chapter 105 of the General Statutes, ~~as enacted~~
5 ~~by this act,~~ Statutes does not apply to construction materials purchased to fulfill a lump sum or
6 unit price contract entered into or awarded before the effective date of the levy or entered into
7 or awarded pursuant to a bid made before the effective date of the levy when the construction
8 materials would otherwise be subject to the tax levied under Article 43 of Chapter 105 of the
9 General Statutes."

10 **SECTION 2.(d)** G.S. 105-164.14(c) is amended by adding a new subdivision to
11 read:

12 "(c) Certain Governmental Entities. – A governmental entity listed in this subsection is
13 allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases
14 of tangible personal property and services, other than electricity, telecommunications service,
15 and ancillary service. Sales and use tax liability indirectly incurred by a governmental entity on
16 building materials, supplies, fixtures, and equipment that become a part of or annexed to any
17 building or structure that is owned or leased by the governmental entity and is being erected,
18 altered, or repaired for use by the governmental entity is considered a sales or use tax liability
19 incurred on direct purchases by the governmental entity for the purpose of this subsection. A
20 request for a refund must be in writing and must include any information and documentation
21 required by the Secretary. A request for a refund is due within six months after the end of the
22 governmental entity's fiscal year.

23 This subsection applies only to the following governmental entities:

24 ...

25 (23) A special district created under Article 43 of this Chapter."

26 **SECTION 2.(e)** G.S. 159-81(1) reads as rewritten:

27 "The words and phrases defined in this section shall have the meanings indicated when used
28 in this Article:

29 (1) "Municipality" means a county, city, town, incorporated village, sanitary
30 district, metropolitan sewerage district, metropolitan water district, county
31 water and sewer district, water and sewer authority, hospital authority,
32 hospital district, parking authority, special airport district, special district
33 created under Article 43 of Chapter 105 of the General Statutes, regional
34 public transportation authority, regional transportation authority, regional
35 natural gas district, regional sports authority, airport authority, joint agency
36 created pursuant to Part 1 of Article 20 of Chapter 160A of the General
37 Statutes, a joint agency authorized by agreement between two cities to
38 operate an airport pursuant to G.S. 63-56, and the North Carolina Turnpike
39 Authority created pursuant to Article 6H of Chapter 136 of the General
40 Statutes, but not any other forms of State or local government.

41"

42 **SECTION 2.(f)** G.S. 160A-460 reads as rewritten:

43 **"§ 160A-460. Definitions.**

44 The words defined in this section shall have the meanings indicated when used in this Part:

45 (1) "Undertaking" means the joint exercise by two or more units of local
46 government, or the contractual exercise by one unit for one or more other
47 units, of any power, function, public enterprise, right, privilege, or immunity
48 of local government.

49 (2) "Unit," or "unit of local government" means a county, city, consolidated
50 city-county, local board of education, sanitary district, facility authority
51 created under Part 4 of this Article, special district created under Article 43

1 of Chapter 105 of the General Statutes, or other local political subdivision,
2 authority, or agency of local government."

3 **SECTION 2.(g)** G.S. 160A-20(h) is amended by adding a new subdivision to read:

4 "(14) A special district created under Article 43 of Chapter 105 of the General
5 Statutes."

6 **SECTION 2.(h)** Section 3.1 of S.L. 1997-417, as added by Section 30 of S.L.
7 2006-162, reads as rewritten:

8 "**SECTION 3.1.** A county authorized to impose a tax under Part 2 of Article 43 of Chapter
9 105 of the General Statutes as enacted by Part 1 of this act, Statutes is considered an authority
10 under Article 50 of Chapter 105 of the General Statutes, as enacted by Section 3 of this of this
11 act, and the board of commissioners of that county is considered the board of trustees of the
12 authority under Article 50. G.S. 105-554 of Article 50 does not apply to the proceeds of a tax
13 imposed by county considered an authority under this section. The proceeds of a tax imposed
14 by a county considered an authority under this section must be transferred to the largest city in
15 that county operating a public transportation system. The proceeds of a tax imposed by a
16 county considered an authority under this section must be transferred to the largest city in that
17 county operating a public transportation system and used only for financing, constructing,
18 operating, and maintaining a public transportation system. The proceeds may supplant existing
19 funds allocated for a public transportation system. The term 'public transportation system' has
20 the same meaning as defined in ~~G.S. 105-506 of Article 43.~~ G.S. 105-506."

21 LOCAL VEHICLE REGISTRATION CHARGE ADJUSTED FOR INFLATION

22 **SECTION 3.(a)** G.S. 105-561(a) reads as rewritten:

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

29 **SECTION 3.(b)** Effective July 1, 2010, G.S. 105-561(a), as amended by
30 subsection (a) of this section, reads as rewritten:

31 "(a) Tax Authorized. – The board of trustees of an Authority may, by resolution, levy an
32 annual license tax in accordance with this Article upon any motor vehicle with a tax situs
33 within its territorial jurisdiction. The purpose of the tax levied under this Article is to raise
34 revenue for capital and operating expenses of an Authority in providing public transportation
35 systems. The rate of tax levied under this Article must be a full dollar amount, but may not
36 exceed ~~seven dollars (\$7.00)~~ eight dollars (\$8.00) a year."

37 **SECTION 3.(c)** G.S. 105-561(d) reads as rewritten:

38 "(d) Special Tax District. – If a regional transportation authority created under Article 27
39 of Chapter 160A of the General Statutes has not levied the tax under this section or has levied
40 the tax at a rate of less than ~~five dollars (\$5.00)~~ seven dollars (\$7.00), it may create a special
41 district that consists of the entire area of one or more counties within its territorial jurisdiction
42 and may levy on behalf of the special district the tax authorized in this section. The rate of tax
43 levied within the special district may not, when combined with the rate levied within the entire
44 territorial jurisdiction of the authority; exceed ~~five dollars (\$5.00)~~ seven dollars (\$7.00). The
45 regional transportation authority may not levy or increase a tax within the special district unless
46 the board of commissioners of each county in the special district has adopted a resolution
47 approving the levy or increase.

48 A special district created pursuant to this subsection is a body corporate and politic and has
49 the power to carry out the purposes of this subsection. The board of trustees of the regional
50 transportation authority created under Article 27 of Chapter 160A of the General Statutes shall
51

1 serve, ex officio, as the governing body of a special district it creates pursuant to this
2 subsection. The proceeds of a tax levied under this subsection may be used only for the benefit
3 of the special district and only for the purposes provided in G.S. 105-564. Except as provided
4 in this subsection, a tax levied under this subsection is governed by the provisions of this
5 Article."

6 **SECTION 3.(d)** Effective July 1, 2010, G.S. 105-561(d), as amended by
7 subsection (c) of this section, reads as rewritten:

8 "(d) Special Tax District. – If a regional transportation authority created under Article 27
9 of Chapter 160A of the General Statutes has not levied the tax under this section or has levied
10 the tax at a rate of less than ~~seven dollars (\$7.00), eight dollars (\$8.00)~~, it may create a special
11 district that consists of the entire area of one or more counties within its territorial jurisdiction
12 and may levy on behalf of the special district the tax authorized in this section. The rate of tax
13 levied within the special district may not, when combined with the rate levied within the entire
14 territorial jurisdiction of the authority; exceed ~~seven dollars (\$7.00), eight dollars (\$8.00)~~. The
15 regional transportation authority may not levy or increase a tax within the special district unless
16 the board of commissioners of each county in the special district has adopted a resolution
17 approving the levy or increase.

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

26 **ADDITIONAL VEHICLE REGISTRATION CHARGE AUTHORIZED**

27 **SECTION 4.** Subchapter IX of Chapter 105 of the General Statutes is amended by
28 adding a new Article to read:

29 "Article 52. County Vehicle Registration Tax.

30 **"§ 105-557. County Vehicle Registration Tax; shared with municipalities.**

31 (a) A county is considered an authority under Article 51 of this Chapter, and the board
32 of commissioners of that county is considered the board of trustees of the authority under
33 Article 51, except that the maximum tax that may be levied by a county under this Article is
34 seven dollars (\$7.00) per year.

35 (b) A county may not levy a tax under this Article unless the county or at least one unit
36 of local government in the county operates a public transportation system.

37 (c) Any tax levied under this Article shall, after the receipt of those funds from the
38 Division of Motor Vehicles, be retained or distributed by the county on a per capita basis as it
39 receives those funds as follows:

40 (1) Pro rata (i) retained by the county based on the population of the county that
41 is not in an incorporated area, and (ii) distributed to the municipalities within
42 the county based on the population of that municipality that is located within
43 that county. To determine the population of each county and municipality,
44 the county shall use the most recent annual estimate of population certified
45 by the State Budget Officer.

46 (2) Notwithstanding subdivision (1) of this subsection, if a municipality to
47 which funds are to be distributed does not operate a public transportation
48 system, the population of that municipality shall be excluded from the
49 calculations of subdivision (1) of this subsection and no distribution shall be
50 made to that municipality.

1 (3) Notwithstanding subdivision (1) of this subsection, if a county for which
2 funds are to be retained does not operate a public transportation system, the
3 population of that county not in an incorporated area shall be excluded from
4 the calculations of subdivision (1) of this subsection, and the county shall
5 not retain any funds.

6 If a county that does not retain funds or a municipality that does not receive an allocation of
7 funds on account of subdivision (2) or (3) of this subsection begins to operate a public
8 transportation system, that county or municipality shall begin retaining or receiving funds
9 beginning the first day of July that is more than 30 days thereafter.

10 (d) The proceeds of a tax imposed under this Article may be used by that county or
11 municipality only to operate a public transportation system, including financing, constructing,
12 operating, and maintaining that public transportation system. The term 'public transportation
13 system' has the same meaning as defined in G.S. 105-506.

14 (e) As used in this section, operation of a public transportation system includes a
15 contract or interlocal agreement for operation of the public transportation system by another
16 county or municipality, or by a transportation authority created under (i) a municipal charter; or
17 (ii) Article 25, 26, or 27 of Chapter 160A of the General Statutes. As used in this section,
18 operation of a public transportation system also includes a contract with a private entity for
19 operation of the public transportation system.

20 (f) An interlocal agreement under this section may also deal with allocation of funds
21 between a municipality and county for operation by the county of a human services public
22 transportation system within the municipality when the municipality also operates a public
23 transportation system.

24 (g) This Article is supplemental to Article 51 of this Chapter."

25 26 **VEHICLE REGISTRATION TAX CONFORMED TO NEW REGISTRATION** 27 **SYSTEM DEADLINES**

28 **SECTION 5.(a)** G.S. 105-562(a) reads as rewritten:

29 "(a) Collection. – A tax or a tax increase levied under this Article becomes effective on
30 the date set by the board of trustees in the resolution levying the tax or the tax increase. The
31 effective date must be the first day of a month and may not be earlier than the first day of the
32 ~~third~~sixth calendar month after the board of trustees adopts the resolution. To the extent the tax
33 applies to vehicles whose tax situs is in a county the entire area of which is within the
34 jurisdiction of the Authority, the Division of Motor Vehicles shall collect and administer the
35 tax. To the extent the tax applies to vehicles whose tax situs is in a county that is only partially
36 within the jurisdiction of the county, the Authority shall collect and administer the tax. The
37 Authority may contract with one or more local governments in its jurisdiction to collect the tax
38 on its behalf.

39 Upon receipt of the resolutions under G.S. 105-561, the Division of Motor Vehicles shall
40 proceed to collect and administer the tax as provided in this Article. The tax is due at the same
41 time and subject to the same restrictions as in G.S. 20-87(1), (2), (4), (5), (6), and (7) and
42 G.S. 20-88. The Division of Motor Vehicles may adopt rules to carry out its responsibilities
43 under this Article."

44 **SECTION 5.(b)** G.S. 105-563 reads as rewritten:

45 "**§ 105-563. Modification or repeal of tax.**

46 The Board of Trustees may, by resolution, repeal the levy of the tax under this Article or
47 decrease the amount of the tax, under the same procedures and subject to the same limitations
48 as provided in G.S. 105-561. A tax repeal or a tax decrease becomes effective on the date set by
49 the board of trustees in the resolution repealing or decreasing the tax. The effective date must
50 be on the first day of a month and may not be earlier than the first day of the ~~third~~sixth
51 calendar month after the board of trustees adopts the resolution. Repeal or decrease of a tax

1 levied under this Article does not affect the rights or liabilities of an Authority, a taxpayer, or
2 another person arising before the repeal or decrease."
3

4 **RTP SERVICE DISTRICT AUTHORIZATION EXTENDED**

5 **SECTION 6.** G.S. 153A-317 reads as rewritten:

6 "**§ 153A-317. Taxes authorized; rate limitation.**

7 (a) A county, upon recommendation of the advisory committee established
8 pursuant to G.S. 153A-313, may levy property taxes within a research and production service
9 district in addition to those levied throughout the county, in order to finance, provide, or
10 maintain for the district services provided therein in addition to or to a greater extent than those
11 financed, provided, or maintained for the entire county. In addition, a county may allocate to a
12 service district any other revenues whose use is not otherwise restricted by law. The proceeds
13 of taxes only within a service district may be expended only for services provided for the
14 district.

15 Property subject to taxation in a newly established district or in an area annexed to an
16 existing district is that subject to taxation by the county as of the preceding January 1.

17 (b) Such additional property taxes may not be levied within any district established
18 pursuant to this Article in excess of a rate of ten cents (10¢) on each one hundred dollars
19 (\$100.00) value of property subject to taxation.

20 (c) For the purpose of constructing, maintaining, or operating public transportation as
21 defined by G.S. 153A-149(c)(27), in addition to the additional property taxes levied under
22 subsections (a) and (b) of this section, a county, upon recommendation of the advisory
23 committee established pursuant to G.S. 153A-313, may levy additional property taxes within
24 any service district established pursuant to this Article not in excess of a rate of ten cents (10¢)
25 on each one hundred dollars (\$100.00) value of property subject to taxation. Such property
26 taxes for public transportation may only be used within the service district, or to provide for
27 public transportation from the service district to other public transportation systems or to other
28 places outside the service district including airports."
29

30 **EFFECTIVE DATE**

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