

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

H.B. 437  
Mar 22, 2017  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40249-MC~~x~~-87 (02/27)

Short Title: Expand Local Option Sales Tax for Education. (Public)

Sponsors: Representative Rogers.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO GIVE COUNTIES GREATER FLEXIBILITY TO USE LOCAL OPTION  
3 SALES TAX REVENUES FOR EDUCATION, PER CONSTITUENT REQUEST.

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 43A.

8 "County Sales and Use Tax for Public Education.

9 "**§ 105-513.1. Short title; purpose.**

10 This Article is the County Sales and Use Tax for Public Education. This Article gives the  
11 counties of this State an opportunity to obtain an additional source of revenue with which to  
12 meet their public education needs.

13 "**§ 105-513.2. Levy.**

14 (a) Referendum. – A tax levied under this Article must be approved in a referendum.  
15 The board of commissioners of a county may direct the county board of elections to conduct an  
16 advisory referendum on the question of whether to levy a local sales and use tax in the county  
17 at a rate of one-quarter percent (1/4%) or one-half percent (1/2%) as provided in this section.  
18 The applicable rate must meet all of the conditions listed in this subsection. The election shall  
19 be held in accordance with the procedures of G.S. 163-287. The conditions are:

20 (1) The rate must be equal to the rate that could be levied in that county under  
21 Article 43 of this Chapter.

22 (2) A tax levied under this Article may not be in effect in a county at the same  
23 time as a tax levied by that county or in that county under Article 43 of this  
24 Chapter.

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

27 "[ ] FOR [ ] AGAINST

28 Local sales and use tax at [the applicable rate stated in both words and as a percentage] in  
29 addition to the current local sales and use taxes, to be used only for public education."

30 (c) Authority. – If the majority of those voting in a referendum held pursuant to this  
31 Article vote for the levy of the tax, the board of commissioners of the county may, by  
32 resolution and after 10 days' public notice, levy a local sales and use tax at the applicable rate.

33 "**§ 105-513.3. Administration.**

34 Except as provided in this Article, the adoption, levy, collection, administration, and repeal  
35 of these additional taxes must be in accordance with Article 39 of this Chapter. In applying the  
36 provisions of Article 39 of this Chapter to this Article, references to "this Article" mean



1 "Article 43A of Chapter 105 of the General Statutes." G.S. 105-468.1 is an administrative  
2 provision that applies to this Article. A tax levied under this Article does not apply to the sales  
3 price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a  
4 bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall not divide the  
5 amount allocated to a county between the county and the municipalities within the county.

6 **"§ 105-513.4. Use.**

7 A county may use the proceeds of a tax levied under this Article only for public school  
8 capital outlay purposes, as defined in G.S. 115C-426(f), and to retire any indebtedness incurred  
9 by the county for these purposes."

10 **SECTION 2.** Part 1 of Article 43 of Chapter 105 of the General Statutes is  
11 amended by adding a new section to read:

12 **"§ 105-506.3. Limitation on levy.**

13 A tax levied under this Article may not be in effect in a county at the same time as a tax  
14 levied by that county under Article 43A of this Chapter."

15 **SECTION 3.** G.S. 105-164.3(4a) reads as rewritten:

16 "(4a) Combined general rate. – The sum of all of the following:

- 17 a. The State's general rate of tax set in ~~G.S. 105-164.4(a) plus the~~  
18 G.S. 105-164.4(a).  
19 b. The sum of the rates of the local sales and use taxes authorized for  
20 every county in this State by ~~Subchapter VIII Article 39 of this~~  
21 Chapter or Chapter 1096 of the 1967 Session Laws, Article 40 of this  
22 Chapter, and Article 42 of this Chapter for every county in this  
23 State.Chapter.  
24 c. One-half of the maximum rate of tax authorized by Article 46 of this  
25 Chapter."

26 **SECTION 4.** This act is effective when it becomes law.