

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 256

Short Title: Cornelius Local Option Sales Tax. (Local)

Sponsors: Senator Marcus (Primary Sponsor).

Referred to: Rules and Operations of the Senate

March 18, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE LEVY OF A MUNICIPAL SALES AND USE TAX OF UP
3 TO ONE-HALF PERCENT.

4 The General Assembly of North Carolina enacts:

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

7 "Article 47.

8 "First One-Half Cent (1/2¢) Municipal Sales and Use Tax.

9 **"§ 105-540. Short title.**

10 This Article is the First One-Half Cent (1/2¢) Municipal Sales and Use Tax Act.

11 **"§ 105-541. Levy.**

12 (a) Authority. – If the majority of those voting in a referendum held pursuant to this
13 Article vote for the levy of the tax, the governing body of the municipality may, by resolution
14 and after 10 days' public notice, levy a local sales and use tax at a rate of up to one-half percent
15 (1/2%) in addition to any other State and local sales and use taxes levied pursuant to law. A tax
16 levied pursuant to this section must be in increments of one-quarter percent (1/4%).

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

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

24 FOR AGAINST

25 Local sales and use tax at the rate of up to one-half percent (0.50%), expiring seven years
26 from the date on which the tax is levied, in addition to all other State and local sales and use taxes
27 for the purposes of road construction and improvement."

28 (d) Rate Increase. – If the rate of the tax levied pursuant to this section is reduced, the
29 governing body of a municipality may, by resolution and after not less than 10 days' public notice
30 and a public hearing, increase the rate of the tax to a rate not in excess of that approved in an
31 election held pursuant to subsection (b) of this section.

32 **"§ 105-542. Administration.**

33 Except as provided in this Article, the adoption, levy, collection, administration, and repeal
34 of the additional taxes authorized by this Article shall be in accordance with Article 39 of this
35 Chapter. References to "county," "counties," or "board of county commissioners" within Article
36 39 of this Chapter shall be interpreted as referring to "municipality," "municipalities," or



1 "governing body of the municipality," respectively, for purposes of the tax authorized by this
2 Article. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied
3 under this Article does not apply to the sales price of food that is exempt from tax pursuant to
4 G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to
5 G.S. 105-467(a)(5a).

6 **"§ 105-543. Distribution and use.**

7 (a) Distribution. – The Secretary shall, on a monthly basis, distribute to each taxing
8 municipality for which the Secretary collects the tax the net proceeds, as defined in G.S. 105-472,
9 of the tax collected in that municipality under this Article. If the Secretary collects local sales or
10 use taxes in a month and the taxes cannot be identified as being attributable to a particular taxing
11 municipality, the Secretary shall allocate the taxes among the taxing municipalities in proportion
12 to the amount of taxes collected in each municipality under this Article during that month and
13 shall include them in the monthly distribution. Amounts collected by electronic funds transfer
14 payments are included in the distribution for the month in which the return that applies to the
15 payment is received.

16 (b) Use. – A municipality may use the net proceeds of a tax levied under this Article for
17 road construction and improvement."

18 **SECTION 2.** This act applies to the Town of Cornelius only.

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