

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 148*

Short Title: Congestion Relief/Intermodal Transport Fund. (Public)

Sponsors: Representatives Carney, Allen, Ross, McGee (Primary Sponsors); Adams, K. Alexander, M. Alexander, Barnhart, Blue, Cole, Cotham, Dickson, England, Fisher, E. Floyd, Glazier, Goforth, Harrell, Insko, Johnson, Jones, Martin, McComas, Owens, Parmon, Rapp, Tarleton, Tolson, Underhill, Wainwright, R. Warren, Wilkins, Womble, and Yongue.

Referred to: Transportation, if favorable, Finance.

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 ALLOW OTHER LOCAL GOVERNMENTS OPTIONS FOR LOCAL TRANSIT FUNDING.

The General Assembly of North Carolina enacts:

CHAPTER I. Fund Created.

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) Accelerated 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.



- 1 (3) As part of its initial program of internal improvements, the State capitalized
2 the North Carolina Railroad in the 1840s and invested in other railroads, and
3 those internal improvements led to North Carolina's rapid economic
4 development. The North Carolina Railroad, with a 317-mile corridor from
5 Charlotte to Morehead City, is still owned by the State.
- 6 (4) Improved rail facilities and restoration of abandoned rail lines can allow
7 increased access to the North Carolina State Ports and military installations
8 located within the State.
- 9 (5) Session Law 2005-222 found that expanding and upgrading passenger,
10 freight, commuter, and short-line rail service is important to the economy of
11 North Carolina; and provided that the State would seek to provide matching
12 funds partly so it can leverage the maximum federal and private participation
13 to fund needed rail initiatives, such as the restoration of the rail corridor
14 from Wallace to Castle Hayne, and a rail connection between north-south
15 and east-west routes in the vicinity of Pembroke.
- 16 (6) Rail freight plays a vital role in economic development throughout the State.
17 Intermodal service depends on partnerships with railroads, trucking
18 companies, seaports, and others in the transportation logistics chain. North
19 Carolina has 3,250 mainline miles of track, with Class I railroads holding
20 seventy-nine percent (79%) of the trackage rights, the remainder controlled
21 by local railroads and switching and terminal railroads. The 2006 Mid-Cycle
22 Update to the North Carolina Statewide Intermodal Transportation Plan
23 identified seven hundred ninety-nine million dollars (\$799,000,000) in
24 freight rail needs over the next 25 years, including maintenance and
25 preservation, modernization, and expansion.
- 26 (7) North Carolina's short-line railroads play a key role in the State's economic
27 development and transportation service and are needed to provide essential
28 services to other modes of transportation and the North Carolina port system.
29 North Carolina agriculture is dependent upon essential service by short-line
30 railroads. State funds are needed to maintain short-line railroads as a viable
31 contributor to economic development, agriculture, and transportation in this
32 State in order to prevent the loss of regional rail service. The Department of
33 Transportation reported that 44,992 rail cars handled by short lines kept
34 179,688 trucks off North Carolina highways. Short-line railroads are
35 essential to preserve and develop jobs in rural and small urban areas of
36 North Carolina.
- 37 (8) Intermodal facilities and inland ports can greatly reduce freight traffic on
38 North Carolina's highway system, reducing demand, congestion, and
39 damage.
- 40 (9) The proposed North Carolina International Terminal will need high capacity
41 intermodal access.
- 42 (10) Most of North Carolina's growth is in its urban regions. According to the
43 State Data Center, during the first decade of the 21st century, sixty-six
44 percent (66%) of the projected 1,270,000 growth in population is in 15 urban
45 counties surrounding Charlotte, Raleigh, and the Triad, while forty percent
46 (40%) is in just six counties: Mecklenburg, Wake, Durham, Orange, Forsyth,
47 and Guilford.
- 48 (11) This large urban population growth greatly taxes resources. Despite the
49 visionary creation of the Highway Trust Fund by the 1989 General
50 Assembly and the funding of urban loop highways, congestion continues to
51 worsen. Creation of a special fund to help meet urban transportation needs

1 with alternatives such as rail transit and buses, coupled with land-use
2 planning, will spur and guide economic development in a more
3 economically and environmentally sound manner. Investment in public
4 transportation facilitates economic opportunity to the state through job
5 creation, access to employment, and residential and commercial
6 development. Public transportation also protects the public health by
7 decreasing air pollution and reducing carbon emissions. It reduces traffic
8 congestion, road expenditures, public and private parking costs, and the
9 number of traffic accidents. Charlotte's recent success in opening the first
10 phase of its light rail system, with ridership significantly over projections,
11 shows that North Carolinians are willing to use transportation alternatives.

12 (12) Significant local revenues are needed to match State funds so that a major
13 portion of the expenses is borne by the localities receiving the majority of
14 the benefits. A local option sales tax for public transportation was approved
15 by a fifty-eight percent (58%) favorable vote in Mecklenburg County in
16 1998, and reaffirmed by a seventy percent (70%) favorable vote in 2008.
17 Extending this authority to additional jurisdictions, along with other revenue
18 options, will enable localities to demonstrate local support for additional
19 transit options.

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

23 **"§ 136-252. Grants to local governments and transportation authorities.**

24 (a) Cities, counties, transportation authorities under Article 25 of Chapter 160A of the
25 General Statutes, regional public transportation authorities under Article 26 of Chapter 160A of
26 the General Statutes, and regional transportation authorities under Article 27 of Chapter 160A
27 of the General Statutes may receive grants from the Fund for public transportation purposes,
28 including planning and engineering.

29 (b) No grant may be approved from the Fund unless:

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

33 (2) The applicant has approved a transit plan that includes local planning
34 policies that include the following:

35 a. Relief of traffic congestion.

36 b. Improvement of air quality.

37 c. Reduction in energy consumption.

38 d. Promotion of pedestrian and bike-friendly environment around and
39 connected to transit stations.

40 In addition, the applicant may also include plans for new public
41 transportation services and public transportation alternatives beyond those
42 required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101,
43 et seq.) that assist individuals with disabilities with transportation, including
44 transportation to and from jobs and employment support services.

45 (3) The applicant has approved a housing needs assessment and plan that
46 includes the following:

47 a. A housing inventory of market rate, assisted housing units, and
48 vacant residential parcels.

49 b. An analysis of existing housing conditions, affordable housing needs,
50 and housing needs for specific populations groups, such as people
51 who are elderly, are disabled, have special needs, or are homeless.

- 1 c. A catalogue of available resources to address housing needs.
2 d. Identification of potential resources to provide replacement housing
3 for low-income residents displaced by transit development and to
4 increase stock of affordable housing to at least thirty percent (30%)
5 within a one-half mile radius of a transit station or bus hub to be
6 affordable to families with income below sixty percent (60%) of area
7 median income.
8 e. Goals, strategies, and actions to address housing needs over a
9 five-year period.

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

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

18 (d) No grant under this section may exceed twenty-five percent (25%) of the cost of the
19 project and must be matched by an equal or greater amount of funds by the applicant. In
20 evaluating projects, qualification for federal funding shall be considered.

21 "**§ 136-253. Grants to other units.**"

22 (a) Grants from the Fund may also be made to State agencies and railroads for the
23 following purposes:

24 (1) Assistance to short-line railroads to continue and enhance rail service in the
25 State so as to assist in economic development and access to ports and
26 military installations. This may involve both the Rail Industrial Access
27 Program and the Short Line Infrastructure Access Program, as well as other
28 innovative programs. Grants under this subdivision shall not exceed fifty
29 percent (50%) of the nonfederal share and must be matched by equal or
30 greater funding from the applicant. Total grants under this subdivision may
31 not exceed five million dollars (\$5,000,000) per fiscal year.

32 (2) Assistance to any railroad in construction of (i) rail improvements and
33 restorations and intermodal or multimodal facilities to serve ports and
34 military installations; and (ii) inland ports to reduce truck traffic on the
35 highway system. Grants under this subdivision shall not exceed fifty percent
36 (50%) of the nonfederal share and must be matched by equal or greater
37 funding from the applicant. Total grants under this subdivision may not
38 exceed ten million dollars (\$10,000,000) per fiscal year.

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

45 (4) Expansion of intercity passenger rail service, including increased frequency
46 and additional cities serviced. Routes under this section must extend beyond
47 the territorial jurisdiction of a transportation authority.

48 (b) Grants from the Fund may also be made to State agencies, railroads, transportation
49 authorities under Article 25 of Chapter 160A of the General Statutes, regional public
50 transportation authorities under Article 26 of Chapter 160A of the General Statutes, and
51 regional transportation authorities under Article 27 of Chapter 160A of the General Statutes for

1 introduction of commuter rail service. Routes under this section must extend beyond the
2 territorial jurisdiction of a transportation authority.

3 (c) Grants under this section may serve more than one of the four listed purposes.

4 **"§ 136-254. Grant approval.**

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

9 **"§ 136-255. Funds remain available until expended.**

10 Appropriations to the Fund remain available until expended."

11 CHAPTER II. Public Transportation Sales Tax.

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

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

16 "Article 43.

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

18 "Part 1. General.

19 **"§ 105-505. Short title; purpose.**

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

26 **"§ 105-506. Definitions.**

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

28 (1) Board of trustees. – The governing body of an Authority.

29 ~~(1)(2)~~ (2) Net proceeds. – Gross proceeds less the cost of administering and collecting
30 the tax.

31 ~~(2)(3)~~ (3) Public transportation system. – Any combination of real and personal
32 property established for purposes of public transportation. The systems may
33 include one or more of the following: structures, improvements, buildings,
34 equipment, vehicle parking or passenger transfer facilities, railroads and
35 railroad rights-of-way, rights-of-way, bus services, shared-ride services,
36 high-occupancy vehicle facilities, car-pool and vanpool programs, voucher
37 programs, telecommunications and information systems, integrated fare
38 systems, and the interconnected bicycle and pedestrian infrastructure that
39 supports public transportation, bus lanes, and busways. The term does not
40 include, however, streets, roads, or highways except to the extent they are
41 dedicated to public transportation vehicles or to the extent they are necessary
42 for access to vehicle parking or passenger transfer facilities.

43 (4) Transportation authority. – A regional public transportation authority or a
44 regional transportation authority created pursuant to Article 26 or Article 27
45 of Chapter 160A of the General Statutes.

46 **"§ 105-506.1. Exemption of food.**

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

50 "Part 2. Mecklenburg County.

51 **"§ 105-507. Limitations.**

1 A county may not levy a tax or taxes under this ~~Article-Part~~ unless the county or at least one
2 unit of local government in the county operates a public transportation system. In addition, a
3 county may not levy a tax under this ~~Article-Part~~ unless it has developed a financial plan and
4 distributed it to each unit of local government in the county that operates a local public
5 transportation system. The financial plan must provide for equitable allocation of the net
6 proceeds distributed to the county in consideration of the identified needs of local public
7 transportation systems in the county, countywide human service transportation systems, and
8 expansion of public transportation service to unserved areas in the county.

9 **"§ 105-508. Local election on adoption of sales and use tax.**

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

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

19 FOR AGAINST

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

22 **"§ 105-509. Levy and collection of sales and use tax.**

23 If the majority of those voting in a referendum held pursuant to ~~this Article-G.S. 105-508~~
24 vote for the levy of the tax, the board of commissioners of the county may, by resolution, levy
25 one-half percent (1/2%) local sales and use taxes in addition to any other State and local sales
26 and use taxes levied pursuant to law. Except as provided in this ~~Article-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 ~~ArticlePart~~, references to 'this Article' mean 'Part 1 of Article 43 of Chapter 105 of the General
30 Statutes'.

31 **"§ 105-510. Distribution and use of taxes.**

32 (a) Distribution. – The Secretary shall, on a quarterly basis, allocate to each taxing
33 county the net proceeds of the tax levied under this ~~Article-Part~~ by that county. If the Secretary
34 collects taxes under this ~~Article-Part~~ in a month and the taxes cannot be identified as being
35 attributable to a particular taxing county, the Secretary shall allocate these taxes among the
36 taxing counties, in proportion to the amount of taxes collected in each county under this ~~Article~~
37 ~~Part~~ in that month and shall include them in the quarterly distribution.

38 The Secretary shall distribute the net proceeds of the tax levied by a county on a per capita
39 basis among the county and the units of local government in the county that operate public
40 transportation systems. No proceeds shall be distributed to a county that does not operate a
41 public transportation system or to a unit of local government that does not operate a public
42 transportation system.

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

50 **"§ 105-510.1. Applicability.**

51 This ~~section-Part~~ applies only to Mecklenburg County.

"Part 3. Transportation Authorities."§ 105-510.5. Limitations.

A transportation authority may not levy a tax under this Part unless:

- (1) It operates a public transportation system.
- (2) It has developed a financial plan and distributed it to each unit of local government located within its territorial jurisdiction. The plan must be approved by the board of commissioners of each county in the district prior to the levy of the tax. If the board of commissioners of a county in a multicounty district does not adopt the plan, the transportation authority may remove that county from the district, and no tax may be levied in that county under this Part. The financial plan must provide for equitable use of the net proceeds within the special district created under this Part and consider (i) the identified needs of local public transportation systems in the district, (ii) human service transportation systems within the district, and (iii) expansion of public transportation systems to underserved areas of the district. The financial plan must also be approved by all Metropolitan Planning Organizations under Article 16 of this Chapter whose jurisdiction includes any of the area of the special district. The plan may be revised from time to time.
- (3) The tax is approved by the voters.

"§ 105-510.6. Local election on adoption of sales and use tax – regional public transportation authority.

(a) Special District. – A transportation authority may create a special district that consists of the entire area of one or more counties within its territorial jurisdiction and may levy on behalf of the special district the tax authorized in this section. A special district created pursuant to this subsection is a body corporate and politic and has the power to carry out the purposes of this subsection. The board of trustees of the transportation authority shall serve, ex officio, as the governing body of a special district it creates pursuant to this subsection. The proceeds of a tax levied under this section may be used only for the benefit of the special district and only for the purposes provided in this Article. In the case of a regional transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes, the special district may not include counties other than Forsyth and Guilford Counties. If a referendum in a district fails, the transportation authority may abolish the special district.

(a1) In the case of a regional transportation authority created under Article 26 of this Chapter, if the special district created under this Part consists of only one county, then the board of commissioners of that county shall be the management agency for the special district, shall be ex officio its governing board, and shall be responsible for budget adoption and operation of the transit services provided by the district, but may contract with the regional transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes as needed. If the district is later expanded to more than one county under G.S. 105-510.8, then on the first day of the next fiscal year after expansion of the district the board of the regional transportation authority created under Article 26 of this Chapter shall be responsible for operation and management of the entire district.

(b) Resolution. – The board of trustees of the authority, with the concurrent vote of:

- (1) In the case of a single-county special district, a majority of the county board of commissioners within the special district,
- (2) In the case of a multicounty special district, a majority vote of each of the county boards of commissioners within the special district,

may direct the respective county board or boards of elections to conduct an advisory referendum within the special tax district on the question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be levied within the district in accordance with this

1 Part. The election shall be held on a date jointly agreed upon by the authority and the county
2 board or boards of elections and shall be held in accordance with the procedures of
3 G.S. 163-287. The board or boards of commissioners shall hold a public hearing on the
4 question at least 30 days before the date the election is to be held.

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

7 [] FOR [] AGAINST

8 One-half percent (1/2%) local sales and use taxes, to be used only for public
9 transportation systems.'

10 **"§ 105-510.7. Levy and collection of sales and use tax – regional public transportation**
11 **authority.**

12 If the majority of those voting in a referendum held pursuant to G.S. 105-510.6 vote for the
13 levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)
14 local sales and use taxes within the special district, in addition to any other State and local sales
15 and use taxes levied pursuant to law. In determining the results of the election in a multicounty
16 district, all the counties of the district shall be considered to be one unit, but also must receive a
17 majority vote in each county. Except as provided in this Part, the adoption, levy, collection,
18 administration, and repeal of these additional taxes shall be in accordance with Article 39 of
19 this Chapter. In applying the provisions of Article 39 of this Chapter to this Article, references
20 to 'this Article' mean 'Part 2 of Article 43 of Chapter 105 of the General Statutes.' Any repeal of
21 the tax shall be done by the same procedure as its enactment under this section, and in a
22 multicounty district a petition for repeal under G.S. 105-473 shall be judged by the total votes
23 in all the counties in the district.

24 **"§ 105-510.8. Expansion of district.**

25 If a special district established under this Part does not include all the counties in the
26 territorial jurisdiction of a transportation authority, it may be expanded to include an additional
27 whole county or counties by joint action of the board of trustees of the transportation authority
28 and the board of commissioners of the county or boards of commissioners of the counties to be
29 added, with the approval of the voters in the county or counties to be added. The procedure for
30 addition of a county or counties shall be the same as for the initial creation of the district, but
31 the referendum shall be held separately within each of the counties to be added.

32 **"§ 105-510.9. Distribution and use of taxes.**

33 (a) Distribution. – The Secretary shall, on a quarterly basis, allocate to each
34 transportation authority the net proceeds of the tax levied under this Part within the special tax
35 district, to be used for the benefit of that district.

36 (b) Use. – A transportation authority must expend the net proceeds distributed to it in
37 accordance with its financial plan adopted pursuant to G.S. 105-510.5 and use the net proceeds
38 only for financing, constructing, operating, and maintaining local public transportation systems.
39 The transportation authority shall use the net proceeds to supplement and not to supplant or
40 replace existing funds or other resources for public transportation systems.

41 "Part 4. Other Counties.

42 **"§ 105-510.12. Limitations.**

43 A county may not levy a tax under this Part unless the county or at least one unit of local
44 government in the county operates a public transportation system or contracts with a
45 transportation authority to provide a public transportation system. In addition, a county may not
46 levy a tax under this Part unless it has developed a financial plan and distributed it to each unit
47 of local government in the county that operates a local public transportation system. The
48 financial plan must provide for equitable allocation of the net proceeds distributed to the county
49 in consideration of the identified needs of local public transportation systems in the county,
50 countywide human service transportation systems, and expansion of public transportation
51 service to unserved areas in the county.

1 **"§ 105-510.13. Local election on adoption of sales and use tax.**

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

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

10 [] FOR [] AGAINST

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

13 **"§ 105-510.14. Levy and collection of sales and use tax.**

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

21 **"§ 105-510.15. Distribution and use of taxes.**

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

28 The Secretary shall distribute the net proceeds of the tax levied by a county on a per capita
29 basis among the county and the units of local government in the county that operate public
30 transportation systems. No proceeds shall be distributed to a county that does not operate a
31 public transportation system or to a unit of local government that does not operate a public
32 transportation system.

33 (b) Use. – A county must allocate the net proceeds distributed to it in accordance with
34 its financial plan adopted pursuant to G.S. 105-507 and use the net proceeds only for financing,
35 constructing, operating, and maintaining local public transportation systems. Any other unit of
36 local government may use the net proceeds distributed to it under this Part only for financing,
37 constructing, operating, and maintaining local public transportation systems. Every unit of
38 government shall use the net proceeds to supplement and not to supplant or replace existing
39 funds or other resources for public transportation systems.

40 **"§ 105-510.16. Applicability.**

41 This Part only applies in counties other than Durham, Forsyth, Guilford, Mecklenburg,
42 Orange, or Wake County."

43 **SECTION 2.(c)** Section 3.1 of S.L. 1997-417, as added by Section 30 of S.L.
44 2006-162, reads as rewritten:

45 **"SECTION 3.1.** A county authorized to impose a tax under Part 2 of Article 43 of Chapter
46 105 of the General Statutes as enacted by Part 1 of this act, Statutes is considered an authority
47 under Article 50 of Chapter 105 of the General Statutes, as enacted by Section 3 of this of this
48 act, and the board of commissioners of that county is considered the board of trustees of the
49 authority under Article 50. G.S. 105-554 of Article 50 does not apply to the proceeds of a tax
50 imposed by county considered an authority under this section. The proceeds of a tax imposed
51 by a county considered an authority under this section must be transferred to the largest city in

1 that county operating a public transportation system. The proceeds of a tax imposed by a
2 county operating a public transportation system and used only for financing, construction,
3 operating, and maintaining a public transportation system. The proceeds may supplant existing
4 funds allocated for a public transportation system. The term 'public transportation system' has
5 the same meaning as defined in ~~G.S. 105-506 of Article 43.~~G.S. 105-506."

6 CHAPTER III. Local Vehicle Registration Charge Adjusted for Inflation.

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

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

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

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

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

33 CHAPTER IV. Vehicle Registration Charge.

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

36 "Article 52. County Vehicle Registration Tax.

37 "**§ 105-557. County Vehicle Registration Tax.**

38 (a) A county is considered an authority under Article 51 of this Chapter, and the board
39 of commissioners of that county is considered the board of trustees of the authority under
40 Article 51.

41 (b) To the extent that any county does not levy the full seven dollar (\$7.00) amount
42 authorized by Article 51 of this Chapter, any city located wholly within that county is
43 considered an authority under Article 51 of this Chapter and may levy an amount under that
44 Article (in whole dollars) as if it were an authority, such that the total gross levy of the county
45 and city does not exceed the seven dollar (\$7.00) maximum permitted by law. For that purpose,
46 the governing board of that city is considered the board of trustees of the authority under
47 Article 51. If thereafter the county levies a tax at a rate that, combined with the city rate, would
48 exceed the maximum, then the new county rate shall become effective on the first day of the
49 next fiscal year beginning at least 60 days after adoption, and that levy automatically reduces
50 the city rate on that date so the combined rate does not exceed the maximum. The city may

1 either contract with the Division of Motor Vehicles to collect the tax as provided under
2 G.S. 105-562 or may collect it as if it had been levied by the city under G.S. 20-97.

3 (c) The proceeds of a tax imposed by a county or city considered an authority under this
4 section may be used by that county or city to operate or contract for the operation of a public
5 transportation system and used only for financing, constructing, operating, and maintaining a
6 public transportation system. The term 'public transportation system' has the same meaning as
7 defined in G.S. 105-506. Any levy by a city under this section is in addition to any authority
8 granted by G.S. 20-97 or any other local act.

9 (d) A county or city may contract with another county or city, or transportation
10 authorities under Article 25 of Chapter 160A of the General Statutes, regional public
11 transportation authorities under Article 26 of Chapter 160A of the General Statutes, and
12 regional transportation authorities under Article 27 of Chapter 160A of the General Statutes for
13 operation of the public transportation system.

14 (e) This Article is supplemental to Article 51 of this Chapter."

15 **SECTION 5.** This act is effective when it becomes law.