



1           **SECTION 1.** The Revenue Laws Study Committee is directed to study, in  
2 conjunction with municipal governing entities and county boards of commissioners, the  
3 existing property tax exemptions, exclusions, deferrals, and other benefits for the purpose of  
4 determining whether those benefits are needed or no longer serve the intended function and are,  
5 therefore, suitable for repeal. The Committee shall report its findings, along with any legislative  
6 recommendations, to the 2018 Regular Session of the 2017 General Assembly on or before its  
7 convening.

8           **SECTION 2.** Chapter 105 of the General Statutes is amended by adding the  
9 following new subchapter to read:

10                   **"SUBCHAPTER XI. LOCAL OPTION MUNICIPAL TAXES.**

11                                   "Article 70.

12   "Municipal Sales Tax Option.

13           **"§ 105-605. Local option sales tax.**

14           (a) Tax. – If the majority of those voting in a referendum held pursuant to this section  
15 vote for the levy of the tax, the governing body of a municipality may, by resolution and after  
16 10 days' public notice, levy a local sales and use tax at a rate of one-quarter percent (1/4%).

17           (b) Vote. – The governing body of a municipality may direct the county board of  
18 elections to conduct an advisory referendum on the question of whether to levy a local sales  
19 and use tax in the county as provided in this section. The election shall be held in accordance  
20 with the procedures of G.S. 163-287.

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

23                                   "[ ] FOR           [ ] AGAINST

24                   Local sales and use tax at the rate of one-quarter percent (1/4%) in addition to the current  
25 local sales and use taxes to be used only for construction and improvement of public  
26 infrastructure and facilities or for economic development."

27           (d) Administration. – Except as provided in this section, the adoption, levy, collection,  
28 administration, and repeal of the additional taxes authorized by this section shall be in  
29 accordance with Article 39 of this Chapter. References to "county," "counties," or "board of  
30 county commissioners" within Article 39 of this Chapter shall be interpreted as referring to  
31 "municipality," "municipalities," or "governing body of the municipality," respectively, for  
32 purposes of the tax authorized by this Article. G.S. 105-468.1 is an administrative provision  
33 that applies to this section. A tax levied under this section does not apply to the sales price of  
34 food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled  
35 transaction taxable pursuant to G.S. 105-467(a)(5a).

36           (e) Distribution. – The Secretary shall, on a monthly basis, distribute to each taxing  
37 municipality for which the Secretary collects the tax the net proceeds of the tax collected in that  
38 municipality under this section. If the Secretary collects local sales or use taxes in a month and  
39 the taxes cannot be identified as being attributable to a particular taxing municipality, the  
40 Secretary shall allocate the taxes among the taxing municipalities in proportion to the amount  
41 of taxes collected in each municipality under this section during that month and shall include  
42 them in the monthly distribution. Amounts collected by electronic funds transfer payments are  
43 included in the distribution for the month in which the return that applies to the payment is  
44 received.

45           (f) Use. – A municipality may use the net proceeds of a tax levied under this section to  
46 construct and improve public infrastructure and facilities or for economic development or  
47 both."

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