

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 148\*  
Committee Substitute Favorable 3/11/09

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 21<sup>ST</sup> 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 21<sup>st</sup> Century Transportation Fund.

**"§ 136-250. Congestion Relief and Intermodal Transportation 21<sup>st</sup> Century Fund.**

There is established in the State treasury the Congestion Relief and Intermodal  
Transportation 21<sup>st</sup> 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 21<sup>st</sup> 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  
development. The North Carolina Railroad, with a 317-mile corridor from  
Charlotte to Morehead City, is still owned by the State.



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

- 1 development. Public transportation also protects the public health by  
2 decreasing air pollution and reducing carbon emissions. It reduces traffic  
3 congestion, road expenditures, public and private parking costs, and the  
4 number of traffic accidents. Charlotte's recent success in opening the first  
5 phase of its light rail system, with ridership significantly over projections,  
6 shows that North Carolinians are willing to use transportation alternatives.  
7 (12) Significant local revenues are needed to match State funds so that a major  
8 portion of the expenses is borne by the localities receiving the majority of  
9 the benefits. A local option sales tax for public transportation was approved  
10 by a fifty-eight percent (58%) favorable vote in Mecklenburg County in  
11 1998, and reaffirmed by a seventy percent (70%) favorable vote in 2008.  
12 Extending this authority to additional jurisdictions, along with other revenue  
13 options, will enable localities to demonstrate local support for additional  
14 transit options.  
15 (13) Surveys have indicated broad public support for providing additional public  
16 transportation options and for allowing localities to generate revenue to  
17 match State grants.

18 **§ 136-252. Grants to local governments and transportation authorities.**

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

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

- 25 (1) The application is approved by all Metropolitan Planning Organizations  
26 under Article 16 of this Chapter whose jurisdiction includes any of the  
27 service area of the grant applicant.  
28 (2) The applicant has approved a transit plan that includes local planning  
29 policies that include the following:  
30 a. Relief of traffic congestion.  
31 b. Improvement of air quality.  
32 c. Reduction in energy consumption.  
33 d. Promotion of a pedestrian- and bike-friendly environment around and  
34 connected to transit stations.

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

- 40 (3) The applicant has approved a housing needs assessment and plan that  
41 includes the following:  
42 a. A housing inventory of market rate, assisted housing units, and  
43 vacant residential parcels.  
44 b. An analysis of existing housing conditions, affordable housing needs,  
45 and housing needs for specific populations groups, such as people  
46 who are elderly, are disabled, have special needs, or are homeless.  
47 c. A catalogue of available resources to address housing needs.  
48 d. Identification of potential resources to provide replacement housing  
49 for low-income residents displaced by transit development and to  
50 increase stock of affordable housing to at least thirty percent (30%)  
51 within a one-half mile radius of a transit station or bus hub to be

1                   affordable to families with income below sixty percent (60%) of area  
2                   median income.

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

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

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

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

16 **"§ 136-253. Grants to other units.**

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

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

27           (2)     Assistance to any railroad in construction of (i) rail improvements and  
28 restorations and intermodal or multimodal facilities to serve ports and  
29 military installations; and (ii) inland ports to reduce truck traffic on the  
30 highway system. Grants under this subdivision shall not exceed fifty percent  
31 (50%) of the nonfederal share and must be matched by equal or greater  
32 funding from the applicant. Total grants under this subdivision may not  
33 exceed ten million dollars (\$10,000,000) per fiscal year.

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

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

43           (b)     Grants from the Fund may also be made to State agencies, railroads, transportation  
44 authorities under Article 25 of Chapter 160A of the General Statutes, regional public  
45 transportation authorities under Article 26 of Chapter 160A of the General Statutes, and  
46 regional transportation authorities under Article 27 of Chapter 160A of the General Statutes for  
47 introduction of commuter rail service. Routes under this section must extend beyond the  
48 territorial jurisdiction of a transportation authority.

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

50 **"§ 136-254. Grant approval.**

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

5 **"§ 136-255. Funds remain available until expended.**

6 Appropriations to the Fund remain available until expended."

7 CHAPTER II. Public Transportation Sales Tax.

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

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

12 "Article 43.

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

14 "Part 1. General.

15 **"§ 105-505. Short title; purpose.**

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

22 **"§ 105-506. Definitions.**

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

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

25 ~~(1)(2)~~ Net proceeds. – Gross proceeds less the cost of administering and collecting  
26 the tax.

27 ~~(2)(3)~~ Public transportation system. – Any combination of real and personal  
28 property established for purposes of public transportation. The systems may  
29 include one or more of the following: structures, improvements, buildings,  
30 equipment, vehicle parking or passenger transfer facilities, railroads and  
31 railroad rights-of-way, rights-of-way, bus services, shared-ride services,  
32 high-occupancy vehicle facilities, car-pool and vanpool programs, voucher  
33 programs, telecommunications and information systems, integrated fare  
34 systems, and the interconnected bicycle and pedestrian infrastructure that  
35 supports public transportation, bus lanes, and busways. The term does not  
36 include, however, streets, roads, or highways except to the extent they are  
37 dedicated to public transportation vehicles or to the extent they are necessary  
38 for access to vehicle parking or passenger transfer facilities.

39 (4) Transportation authority. – For the purposes of Parts 3 and 3A of this  
40 Article, a regional public transportation authority created pursuant to Article  
41 26 of Chapter 160A of the General Statutes; and for the purposes of Parts 3  
42 and 3B of this Article, a regional transportation authority created pursuant to  
43 Article 27 of Chapter 160A of the General Statutes.

44 **"§ 105-506.1. Exemption of food.**

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

48 "Part 2. Mecklenburg County.

49 **"§ 105-507. Limitations.**

50 A county may not levy a tax or taxes under this ~~Article~~ Part unless the county or at least one  
51 unit of local government in the county operates a public transportation system. In addition, a

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

7 **"§ 105-508. Local election on adoption of sales and use tax.**

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

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

17  FOR  AGAINST

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

20 **"§ 105-509. Levy and collection of sales and use tax.**

21 If the majority of those voting in a referendum held pursuant to ~~this Article-G.S. 105-508~~  
22 vote for the levy of the tax, the board of commissioners of the county may, by resolution, levy  
23 one-half percent (1/2%) local sales and use taxes in addition to any other State and local sales  
24 and use taxes levied pursuant to law. Except as provided in this ~~Article-Part~~, the adoption,  
25 levy, collection, administration, and repeal of these additional taxes shall be in accordance with  
26 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this  
27 ~~ArticlePart~~, references to 'this Article' mean 'Part 1 of Article 43 of Chapter 105 of the General  
28 Statutes'.

29 **"§ 105-510. Distribution and use of taxes.**

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

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

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

48 **"§ 105-510.1. Applicability.**

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

50 "Part 3. Transportation Authorities.

51 **"§ 105-510.5. Limitations.**

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

2 (1) It operates a public transportation system.

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

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

21 **"§ 105-510.5A. Distribution and use of taxes.**

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

25 (b) Use. – A special district must expend the net proceeds distributed to it in accordance  
26 with its financial plan adopted pursuant to G.S. 105-510.5 and use the net proceeds only for  
27 financing, constructing, operating, and maintaining public transportation systems. The special  
28 district shall use the net proceeds to supplement and not to supplant or replace existing funds or  
29 other resources for public transportation systems.

30 **"§ 105-510.5B. Special district.**

31 (a) A special district created pursuant to this Article is a local government body  
32 corporate and politic and has the power to carry out the purposes of this Part and the Part under  
33 which it is established. The board of trustees of the transportation authority shall serve ex  
34 officio as the governing body of a special district it creates pursuant to this subsection, except  
35 in the case of a single county district the board of commissioners of that county shall be ex  
36 officio the governing body.

37 (b) The transportation authority creating the special district shall name it and file with  
38 the Secretary of State the documents creating the district, and shall also file notice of the  
39 addition to and removal from the district of any counties, or of the abolition of the special  
40 district."

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

42 **"§ 105-510.6. Local election on adoption of sales and use tax – regional public**  
43 **transportation authority.**

44 (a) Special District. – A transportation authority may create a special district that  
45 consists of the entire area of one or more counties within its territorial jurisdiction and may levy  
46 on behalf of the special district the tax authorized in this section. The proceeds of a tax levied  
47 under this section may be used only for the benefit of the special district and only for the  
48 purposes provided in this Article. If a referendum in a district fails in all the counties in the  
49 district, the transportation authority may abolish the special district.

50 (a1) If the special district created under this Part consists of only one county, then the  
51 board of commissioners of that county shall be the management agency for the special district,

1 shall be ex officio its governing board, and shall be responsible for budget adoption and  
2 operation of the transit services provided by the district, but may contract with the regional  
3 transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes  
4 as needed. If the district is later expanded to more than one county under G.S. 105-510.8, then  
5 on the first day of the next fiscal year after expansion of the district the board of the regional  
6 transportation authority created under Article 26 of Chapter 160A of the General Statutes shall  
7 be responsible for operation and management of the entire district.

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

10 (1) In the case of a single-county special district, a majority of the county board  
11 of commissioners within the special district,

12 (2) In the case of a multicounty special district, a majority vote of each of the  
13 county boards of commissioners within the special district,

14 may direct the respective county board or boards of elections to conduct an advisory  
15 referendum within the special tax district on the question of whether a local sales and use tax at  
16 the rate of one-half percent (1/2%) may be levied within the district in accordance with this  
17 Part. The election shall be held on a date jointly agreed upon by the authority and the county  
18 board or boards of elections and shall be held in accordance with the procedures of  
19 G.S. 163-287. The board or boards of commissioners shall hold a public hearing on the  
20 question at least 30 days before the date the election is to be held. As provided in this Article,  
21 the tax may not be levied without voter approval.

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

24  FOR  AGAINST

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

27 **"§ 105-510.7. Levy and collection of sales and use tax – regional public transportation**  
28 **authority.**

29 If the majority of those voting in a referendum held pursuant to G.S. 105-510.6 vote for the  
30 levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)  
31 local sales and use taxes within the special district, in addition to any other State and local sales  
32 and use taxes levied pursuant to law. In determining the results of the election in a multicounty  
33 district, all the counties of the district shall be considered to be one unit, but also must receive a  
34 majority vote in each county, except that if the referendum is passed in one or more but not all  
35 of the counties, the counties in which the referendum was not approved are removed from the  
36 special district upon certification of the election result and the county or counties that approved  
37 the referendum shall remain in the special district. Except as provided in this Part, the adoption,  
38 levy, collection, administration, and repeal of these additional taxes shall be in accordance with  
39 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this  
40 Article, references to 'this Article' mean 'Part 3A of Article 43 of Chapter 105 of the General  
41 Statutes.' Any repeal of the tax shall be done by the same procedure as its enactment under this  
42 section, and in a multicounty district a petition for repeal under G.S. 105-473 shall be judged  
43 by the total votes in all the counties in the district.

44 **"§ 105-510.8. Expansion of district.**

45 If a special district established under this Part does not include all the counties in the  
46 territorial jurisdiction of a transportation authority, it may be expanded to include an additional  
47 whole county or counties by joint action of the board of trustees of the transportation authority  
48 and the board of commissioners of the county or boards of commissioners of the counties to be  
49 added, with the approval of the voters in the county or counties to be added. The procedure for  
50 addition of a county or counties and for the election shall be the same as for the initial creation



1 of the district, but the referendum shall be held separately within each of the counties to be  
2 added.

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

4 **"§ 105-510.8A. Local election on adoption of sales and use tax – regional public**  
5 **transportation authority.**

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

13 (a1) If the special district created under this Part consists of only one county, then the  
14 board of commissioners of that county shall be the management agency for the special district,  
15 shall be ex officio its governing board, and shall be responsible for budget adoption and  
16 operation of the transit services provided by the district, but may contract with the regional  
17 transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes  
18 as needed. If the district is later expanded to more than one county under G.S. 105-510.8C, then  
19 on the first day of the next fiscal year after expansion of the district the board of the regional  
20 transportation authority created under Article 27 of Chapter 160A of the General Statutes shall  
21 be responsible for operation and management of the entire district.

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

23 (1) In the case of a single-county special district, a majority of the county board  
24 of commissioners within the special district,

25 (2) In the case of a multicounty special district, a majority vote of each of the  
26 county boards of commissioners within the special district,

27 may direct the respective county board or boards of elections to conduct an advisory  
28 referendum within the special tax district on the question of whether a local sales and use tax at  
29 the rate of one-half percent (1/2%) may be levied within the district in accordance with this  
30 Part. The election shall be held on a date jointly agreed upon by the authority and the county  
31 board or boards of elections and shall be held in accordance with the procedures of  
32 G.S. 163-287. The board or boards of commissioners shall hold a public hearing on the  
33 question at least 30 days before the date the election is to be held. As provided in this Article,  
34 the tax may not be levied without voter approval.

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

37  FOR  AGAINST

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

40 **"§ 105-510.8B. Levy and collection of sales and use tax – regional public transportation**  
41 **authority.**

42 If the majority of those voting in a referendum held pursuant to G.S. 105-510.8A vote for  
43 the levy of the tax, the transportation authority may, by resolution, levy one-half percent (1/2%)  
44 local sales and use taxes within the special district, in addition to any other State and local sales  
45 and use taxes levied pursuant to law. In determining the results of the election in a multicounty  
46 district, all the counties of the district shall be considered to be one unit, but also must receive a  
47 majority vote in each county, except that if the referendum is passed in one but not both of the  
48 counties, the county in which the referendum was not approved is removed from the special  
49 district upon certification of the election result and the county that approved the referendum  
50 shall remain in the special district. Except as provided in this Part, the adoption, levy,  
51 collection, administration, and repeal of these additional taxes shall be in accordance with

1 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this  
2 Article, references to 'this Article' mean 'Part 3B of Article 43 of Chapter 105 of the General  
3 Statutes.' Any repeal of the tax shall be done by the same procedure as its enactment under this  
4 section, and in a multicounty district a petition for repeal under G.S. 105-473 shall be judged  
5 by the total votes in all the counties in the district.

6 **"§ 105-510.8C. Expansion of district.**

7 If a special district established under this Part does not include both the eligible counties  
8 under G.S. 105-510.8A(a), it may be expanded to include the other county by joint action of the  
9 board of trustees of the transportation authority and the board of commissioners of the county  
10 to be added, with the approval of the voters in the county to be added. The procedure for  
11 addition of a county shall be the same as for the initial creation of the district, but the  
12 referendum shall be held separately within the county to be added.

13 "Part 4. Other Counties.

14 **"§ 105-510.12. Limitations.**

15 A county may not levy a tax under this Part unless the county or at least one unit of local  
16 government in the county operates a public transportation system. As used in this Part,  
17 operation of a public transportation system includes a contract or interlocal agreement for  
18 operation of the public transportation system by another county or municipality, or by a  
19 transportation authority created under (i) a municipal charter; or (ii) Article 25, 26, or 27 of  
20 Chapter 160A of the General Statutes. As used in this Part, operation of a public transportation  
21 system also includes a contract with a private entity for operation of the public transportation  
22 system.

23 **"§ 105-510.13. Local election on adoption of sales and use tax.**

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

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

32  FOR  AGAINST

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

35 **"§ 105-510.14. Levy and collection of sales and use tax.**

36 If the majority of those voting in a referendum held pursuant to this Part vote for the levy of  
37 the tax, the board of commissioners of the county may, by resolution, levy one-quarter percent  
38 (1/4%) local sales and use taxes in addition to any other State and local sales and use taxes  
39 levied pursuant to law. Except as provided in this Part, the adoption, levy, collection,  
40 administration, and repeal of these additional taxes shall be in accordance with Article 39 of  
41 this Chapter. In applying the provisions of Article 39 of this Chapter to this Part, references to  
42 'this Article' mean 'Part 4 of Article 43 of Chapter 105 of the General Statutes.'

43 **"§ 105-510.15. Distribution and use of taxes.**

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

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

4            (1)    To the county based on the population of the county that is not in an  
5 incorporated area, and to the municipalities within the county based on the  
6 population of that municipality that is located within that county. To  
7 determine the population of each county and each municipality, the  
8 Secretary shall use the most recent annual estimate of population certified by  
9 the State Budget Officer.

10          (2)    Notwithstanding subdivision (1) of this subsection, if a municipality to  
11 which funds are to be allocated neither operates nor contracts for the  
12 operation of a public transportation system, the population of that  
13 municipality shall be excluded from the calculations of subdivision (1) of  
14 this subsection.

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

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

24          (b)    Use. – A county or municipality may use funds received under this Part only for  
25 financing, constructing, operating, and maintaining public transportation systems. Every unit of  
26 government shall use funds to supplement and not to supplant or replace existing funds or other  
27 resources for public transportation systems.

28        **"§ 105-510.16. Applicability.**

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

31        **SECTION 2.(c)** G.S. 105-164.14(c) reads as rewritten:

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

43        This subsection applies only to the following governmental entities:

44        ...

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

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

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

49        (1)    "Municipality" means a county, city, town, incorporated village, sanitary  
50 district, metropolitan sewerage district, metropolitan water district, county  
51 water and sewer district, water and sewer authority, hospital authority,

1 hospital district, parking authority, special airport district, special district  
2 created under Article 43 of Chapter 105 of the General Statutes, regional  
3 public transportation authority, regional transportation authority, regional  
4 natural gas district, regional sports authority, airport authority, joint agency  
5 created pursuant to Part 1 of Article 20 of Chapter 160A of the General  
6 Statutes, a joint agency authorized by agreement between two cities to  
7 operate an airport pursuant to G.S. 63-56, and the North Carolina Turnpike  
8 Authority created pursuant to Article 6H of Chapter 136 of the General  
9 Statutes, but not any other forms of State or local government.

10 ...."

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

12 **"§ 160A-460. Definitions.**

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

- 14 (1) "Undertaking" means the joint exercise by two or more units of local  
15 government, or the contractual exercise by one unit for one or more other  
16 units, of any power, function, public enterprise, right, privilege, or immunity  
17 of local government.
- 18 (2) "Unit," or "unit of local government" means a county, city, consolidated  
19 city-county, local board of education, sanitary district, facility authority  
20 created under Part 4 of this Article, special district created under Article 43  
21 of Chapter 105 of the General Statutes, or other local political subdivision,  
22 authority, or agency of local government."

23 **SECTION 2.(f)** Section 3.1 of S.L. 1997-417, as added by Section 30 of S.L.  
24 2006-162, reads as rewritten:

25 **"SECTION 3.1.** A county authorized to impose a tax under Part 2 of Article 43 of Chapter  
26 105 of the General Statutes as enacted by Part 1 of this act, ~~Statutes~~ is considered an authority  
27 under Article 50 of Chapter 105 of the General Statutes, as enacted by Section 3 of this of this  
28 act, and the board of commissioners of that county is considered the board of trustees of the  
29 authority under Article 50. G.S. 105-554 of Article 50 does not apply to the proceeds of a tax  
30 imposed by county considered an authority under this section. The proceeds of a tax imposed  
31 by a county considered an authority under this section must be transferred to the largest city in  
32 that county operating a public transportation system. The proceeds of a tax imposed by a  
33 county considered an authority under this section must be transferred to the largest city in that  
34 county operating a public transportation system and used only for financing, constructing,  
35 operating, and maintaining a public transportation system. The proceeds may supplant existing  
36 funds allocated for a public transportation system. The term 'public transportation system' has  
37 the same meaning as defined in ~~G.S. 105-506 of Article 43~~. G.S. 105-506."

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

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

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

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

48 "(a) Tax Authorized. – The board of trustees of an Authority may, by resolution, levy an  
49 annual license tax in accordance with this Article upon any motor vehicle with a tax situs  
50 within its territorial jurisdiction. The purpose of the tax levied under this Article is to raise  
51 revenue for capital and operating expenses of an Authority in providing public transportation

1 systems. The rate of tax levied under this Article must be a full dollar amount, but may not  
2 exceed ~~seven dollars (\$7.00)~~ eight dollars (\$8.00) a year."

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

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

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

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

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

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

#### 42 CHAPTER IV. Vehicle Registration Charge.

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

45 "Article 52. County Vehicle Registration Tax.

46 "**§ 105-557. County Vehicle Registration Tax; shared with municipalities.**

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

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

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

6           **(1)** Pro rata (i) retained by the county based on the population of the county that  
7 is not in an incorporated area, and (ii) distributed to the municipalities within  
8 the county based on the population of that municipality that is located within  
9 that county. To determine the population of each county and municipality,  
10 the county shall use the most recent annual estimate of population certified  
11 by the State Budget Officer.

12           **(2)** Notwithstanding subdivision (1) of this subsection, if a municipality to  
13 which funds are to be distributed does not operate a public transportation  
14 system, the population of that municipality shall be excluded from the  
15 calculations of subdivision (1) of this subsection and no distribution shall be  
16 made to that municipality.

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

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

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

30       **(e)** As used in this section, operation of a public transportation system includes a  
31 contract or interlocal agreement for operation of the public transportation system by another  
32 county or municipality, or by a transportation authority created under (i) a municipal charter; or  
33 (ii) Article 25, 26, or 27 of Chapter 160A of the General Statutes. As used in this section,  
34 operation of a public transportation system also includes a contract with a private entity for  
35 operation of the public transportation system.

36       **(f)** An interlocal agreement under this section may also deal with allocation of funds  
37 between a municipality and county for operation by the county of a human services public  
38 transportation system within the municipality when the municipality also operates a public  
39 transportation system.

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

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