

Article 46.

One-Quarter Cent (1/4¢) County Sales and Use Tax.

§ 105-535. Short title.

This Article is the One-Quarter Cent (1/4¢) County Sales and Use Tax Act. (2007-323, s. 31.17(b).)

§ 105-536. Limitations.

This Article applies only to counties that levy the first one-cent (1¢) sales and use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, the first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter. (2007-323, s. 31.17(b).)

§ 105-537. Levy.

(a) Authority. - If the majority of those voting in a referendum held pursuant to this Article vote for the levy of the tax, the board of county commissioners may, by resolution and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter percent (0.25%).

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

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

"[] FOR [] AGAINST

Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State and local sales and use taxes."

(d) Repealed by Session Laws 2014-3, s. 14.22, effective May 29, 2014. (2007-323, s. 31.17(b); 2013-381, s. 10.14; 2014-3, s. 14.22.)

§ 105-538. Administration of taxes.

Except as provided in this Article, the adoption, levy, collection, administration, and repeal of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied under this Article does not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall not divide the amount allocated to a county between the county and the municipalities within the county. (2007-323, s. 31.17(b); 2007-345, s. 14.5(a); 2008-134, s. 75; 2009-445, s. 18.)

§§ 105-539 through 105-549: Reserved for future codification purposes.

Local Options Sales Tax Referendum Information

In 2007, legislation passed by the N.C. General Assembly gave to counties a local-option, quarter-cent sales tax, also known as Article 46. The sales tax (G.S. 105-535) must be approved by voters in a referendum before it can be adopted by a county.

Article 46 is a general purpose tax, which is not restricted or earmarked and can therefore be used for any allowed use by counties. A county may not stipulate the use of the money on the ballot. A county Board of Commissioners may adopt a resolution that stipulates how they plan to use the revenues.

The distribution method is based on point of sale, meaning that the tax is distributed back to the County in which it was collected.

Unlike other sales tax articles, Article 46 collections are not shared with municipalities. All proceeds are distributed back solely to the County.

The Article 46 sales tax is currently levied by 27 counties in North Carolina, including Buncombe and Haywood.

The local-option sales tax does not apply to unprepared food (i.e. groceries) or gas purchases. There is no local sales tax on gas purchases.

A Board of County Commissioners is not obligated to levy the tax even if the majority of those voting in a referendum vote in support of a levy.

The sales tax may become effective on the first day of any calendar quarter so long as the county gives the Secretary of Revenue at least 90 days' advance notice. For example, if a referendum is held in November during the general election and passes, the earliest a county could begin collecting the revenue would be April 1st of the following year, provided it adopts a resolution levying the tax and forwards it to the Department of Revenue prior to December 31st.