



HOUSE BILL 247: Hoke County Local Option Sales Tax

2015-2016 General Assembly

Committee:	House Local Government, if favorable, Finance	Date:	March 25, 2015
Introduced by:	Reps. Pierce, Goodman	Prepared by:	R. Erika Churchill Committee Counsel
Analysis of:	First Edition		

SUMMARY: *House Bill 247 would authorize an additional 1/2 cent local option sales tax for Hoke County, to be used for the purpose of land and construction of schools, after an advisory referendum of the voters.*

CURRENT LAW: Counties and cities are created by the State and have only the authority given to them by the State. The General Assembly has authorized counties to levy a local option sales tax on at least four different occasions. The counties must distribute a portion of the 2% local sales tax revenues to the cities. The distribution between the county and its cities is based upon one of two methods: ad valorem or per capita.

The current local sales tax authority is as follows:

<i>Authority</i>	<i>Levy Amount</i>	<i>Distribution</i>	<i>Use of Proceeds by Counties</i>	<i>Counties that have implemented the tax</i>
Article 39	1 cent	Counties and cities	Any public purpose	100
Article 40	1/2 cent	Counties and cities	60% must be used for Public School Capital Outlay; remainder for any public purpose	100
Article 42	1/2 cent	Counties and cities	30% must be used for Public School Capital Outlay; remainder for any public purpose	100
Article 43	1/2 cent or 1/4 cent	Counties only	Public transportation	3 ¹
Article 46	1/4 cent	Counties only	Any public purpose	27

BILL ANALYSIS: The bill would authorize Hoke County to levy an additional 1/2 cent sales tax. The bill restricts its use to school construction and renovation, purchase of land or facilities for schools, and payment of indebtedness already incurred for those purposes. The tax would be administered in the same manner as the county local option sales tax. The County may not levy the tax unless the majority of the voters approve the levy. The sales tax base would not include food.²

EFFECTIVE DATE: Effective when it becomes law.

¹ Durham, Orange, and Mecklenburg have levied a 1/2% sales tax. Forsyth, Guilford, and Wake have the authority to levy a 1/2% tax under this Article, if approved by the voters, but have not done so. The remaining 94 counties have authority to levy a 1/4% sales tax, if approved by the voters.

² The sales tax authority under Articles 39, 42, and 43 include food in the sales tax base. Food is not included in the sales tax base of either Article 43 or Article 46.

