



HOUSE BILL 247: Hoke County Local Option Sales Tax

2015-2016 General Assembly

Committee: House Finance
Introduced by: Reps. Pierce, Goodman
Analysis of: First Edition

Date: June 11, 2015
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SUMMARY: *House Bill 247 would authorize Hoke County to levy, upon approval of the voters, an additional 1/2-cent local option sales tax to be used for school construction or renovation, for the purchase of land or facilities for schools, and to pay indebtedness for these purposes.*

BILL ANALYSIS: This bill would authorize Hoke County to levy an additional 1/2¢ sales tax upon approval of a majority of the voters in a referendum. If enacted, Hoke County would have the authority to levy a local sales tax at the rate of 3.0%, which no other county in the State currently has the ability to levy. To reach that rate, Hoke County would have to levy all local option sales taxes available – the first 2¢ that all counties levy, 1/4¢ for public transportation under Article 43, 1/4¢ for general purposes under Article 46, and 1/2¢ under the new Article authorized in this bill.

The proceeds of the new 1/2¢ tax would be restricted to school construction or renovation, the purchase of land or facilities for schools, or the payment of indebtedness incurred for those purposes. The sales tax base would not include food¹ and all of the proceeds would be allocated to the county; the municipalities in the county would not receive any of the tax proceeds.

CURRENT LAW: The local sales and use tax rate varies among the counties, ranging from 2% to 2.75%.² The current rate in Hoke County is 2.0%.

Local Rate of Sales & Use Tax	Counties	
2.75%	Durham Orange	
2.50%	Mecklenburg	
2.25%	Alexander Anson Ashe Buncombe Cabarrus Catawba Cumberland Davidson Duplin Edgecombe Greene Halifax Harnett Haywood	Hertford Lee Martin Montgomery New Hanover Onslow Pitt Randolph Robeson Rowan Sampson Surry Wilkes

¹ The sales tax authority under Articles 39, 40, and 42 include food in the sales tax base. Food is not included in the sales tax base of either Article 43 or Article 46.

²Under current law, there are 6 counties that could have a total local sales and use tax rate of two and three-quarters (2.75%), for a total State and local rate of 7.5%. Those counties are: Durham, Forsyth, Guilford, Mecklenburg, Orange, and Wake. To reach the maximum, a county would have to levy the first cent, the first one-half cent, the second one-half cent, the one-half cent public transportation tax, and the one-quarter cent tax. To date, only 2 of the 6 counties levy the maximum: Durham and Orange. That rate became effective in those counties in April of 2013.



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2.00%	Remaining 70 counties
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The following table sets out how the local sales and use taxes may be used, how they are distributed, and whether their enactment required a referendum.

Statutory Authority	Use of Proceeds		Distribution Method	Referendum Requirement
1st 1-cent (Article 39)	Any lawful purpose		Point of collection	Permitted, but not required
1st ½-cent (Article 40)	Counties – 30% school capital		Per capita * Adjustment formula	Permitted but not required
2nd ½-cent (Article 42)	Counties – 60% school capital		Point of collection	Permitted, but not required
½-cent or ¼-cent (Article 43)	Counties/Transportation Authorities – public transportation systems only		Per capita among county and units of local government in county that operate public transportation system	Required
	<u>½-cent</u> Part 2: Mecklenburg Part 4: Triangle (Wake, Durham, Orange) Part 5: Triad (Forsyth, Guilford)	<u>¼-cent</u> Part 6 – All other counties		
¼-cent (Article 46)	Any lawful purpose		Point of collection – distributed to county only	Required

EFFECTIVE DATE: Effective when it becomes law.