



# HOUSE BILL 459: Carteret Local Option Sales Tax for Dredging.

2017-2018 General Assembly

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<b>Committee:</b>	House Finance	<b>Date:</b>	June 14, 2017
<b>Introduced by:</b>	Rep. McElraft	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	First Edition		Committee Co-Counsel

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**OVERVIEW:** House Bill 459 would temporarily modify the purposes for which Carteret County may use the proceeds of the one-quarter cent local sales and use tax and specifically identify that purpose on the ballot for approval of the tax. The tax would expire when the proceeds reach \$20 million and the funds may only be used for dredging and waterway maintenance.

**CURRENT LAW:** All 100 counties levy at least a 2.0% local sales and use tax. All 100 counties also have the ability to levy an additional one-quarter cent local sales and use tax, upon approval of the voters, and the proceeds may be used for any public purpose. To date, 31 counties levy this tax. Carteret held an unsuccessful referendum on this tax in November of 2016. The State and local sales and use tax rate in Carteret County is 6.75% (4.75% State + 2.0% local). Counties may only hold the referendum at the same time as any other State or county general election or at the same time as the primary election in any even-numbered year. The earliest Carteret could hold this referendum would be during the primary election in 2018.

**BILL ANALYSIS:** House Bill 459 would authorize Carteret County to modify the ballot question for purposes of levying the one-quarter cent local sales and use tax under Article 46 of Chapter 105 of the General Statutes. The ballot question would be whether the voters support a one-quarter cent local sales and use tax to be used only for dredging and waterway maintenance.

If approved, the tax would expire when the net proceeds reach \$20 million. The Secretary of Revenue will have to track the accumulation of proceeds and notify the county finance officer when the threshold is reached and provide the county with the specific date of expiration, which shall be on the first day of a calendar quarter that is at least 90 days after the month in which the threshold is reached.

While the levy of the tax is temporary, the county would be permitted to hold a subsequent referendum and levy the tax again, each levy subject to the \$20 million threshold. The county would have to wait at least one year from the date of expiration before it could hold another referendum.

**EFFECTIVE DATE:** This bill would become effective when it becomes law.

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Director



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