



HOUSE BILL 948: The P.A.V.E. Act.

2025-2026 General Assembly

Analysis of: S.L. 2025-39

Date: August 21, 2025

Prepared by: Legislative Analysis
Division Staff

S.L. 2025-39 (House Bill 948):

- Amends laws that relate to Mecklenburg County sales tax for public transportation, which include the incorporation of a Metropolitan Public Transportation Authority authorized by this act.
- Amends laws that relate to Mecklenburg County U-Drive-It Tax to include a Metropolitan Public Transportation Authority authorized by this act.
- Authorizes Mecklenburg County to levy an additional sales and use tax, under the enacted Mecklenburg County Roadway Systems and Public Transportation Systems Sales Tax Act, and outlines use criteria, for roadway systems and public transportation systems.
 - Mecklenburg County must distribute forty percent (40%) of the net proceeds to eligible municipalities which include the City of Charlotte and the Towns of Cornelius, Davidson, Huntersville, Matthews, Mint Hill, and Pineville.
 - Mecklenburg County must distribute sixty percent (60%) of the net proceeds of the tax to a Metropolitan Public Transportation Authority authorized by this act.
- Authorizes the creation of a Metropolitan Public Transportation Authority, in areas that, at the time of creation of the Authority, meet all the following criteria:
 - The area consists of a single county that has a population greater than one million.
 - The county borders another state.
 - The county includes at least one unit of local government that operates a light rail system.
- Imposes additional requirements for establishment of a Metropolitan Public Transportation Authority by Mecklenburg County.
- Authorizes the utilization of sales and use tax and other taxes received by a municipality in connection with revenue bond projects, and to finance and refinance public transportation facilities with bonds or notes, in cities meeting certain criteria or Metropolitan Public Transportation Authorities.
- Prohibits the North Carolina Department of Transportation from:
 - Reducing funding for any transportation projects as a result of this act without authorization from the General Assembly.
 - Revising highway project selection ratings as provided in North Carolina Strategic Transportation Investments law based on local funding participation by the City of

Kara McCraw
Director



* H 9 4 8 - S M B G - 3 6 S L - V - 4 *

Legislative Analysis
Division
919-733-2578

House Bill 948

Page 2

Charlotte, the Town of Cornelius, the Town of Davidson, the Town of Huntersville, the Town of Matthews, the Town of Mint Hill, or the Town of Pineville.

- Authorizes the State Auditor to conduct audits of a local government or Metropolitan Public Transportation Authority in its utilization of net proceeds distributed by the Secretary of Revenue pursuant to the Mecklenburg County Roadway Systems and Public Transportation Systems Sales Tax Act to the extent that a local government or metropolitan public transportation authority uses those net proceeds for local funding shares or local funding contributions for any individual projects which are subject to prioritization pursuant to North Carolina Strategic Transportation Investments law.

Modifications to distribution of tax proceeds and U-Drive-It taxes become effective if Mecklenburg County levies a roadway systems and public transportation systems sales tax as authorized by this act on the date the tax becomes effective. The remainder of this act became effective July 1, 2025.