

## Facts on local option sales tax

- All counties must contact their local board of elections and the State Board of Elections in order to have the advisory referendum included on the ballot during a regularly scheduled election. An advisory referendum may be held only on the same date as a county or statewide general election, the primary election in even-numbered years, or in any other election during which all precincts in a county are open.
- 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.
- 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.

- Legislation specifies how the question must be presented on the ballot:

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.’

- 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 1 of the following year, provided it adopts a resolution levying the tax and forwards it to the Department of Revenue prior to December 31.
- If the board of commissioners wishes to levy the tax, it must provide 10 days public notice of its intent to adopt a resolution to levy the tax. After it adopts the resolution, it must send a certified copy of the resolution along with a certified copy of the election results of the referendum to Lyons Gray, the Secretary of the Department of Revenue, P.O. Box 25000, Raleigh, NC 27640. (A model resolution has been prepared by the NCACC.).
- The sales tax is not restricted or earmarked and can therefore be used for any allowed use by counties.

- There are no restrictions on resubmitting the sales tax option to the voters again after an unsuccessful referendum.
- Similar to an election for a general obligation bond, a county may spend money to educate the public on issues related to the sales tax referendum. However, a county may not spend money advocating for or against the sales tax.
- The board of commissioners may approve resolutions in support of the passage of a referendum for the sales tax. A county commissioner may publicly endorse and support the sales tax. A county may not reimburse any expenses incurred by an elected official while the official is advocating either for or against the tax measure.
- 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.

# North Carolina Local Option Sales Taxes

## Local Option Sales Tax Articles in N.C. General Statutes

Article	Rate	Purpose	Allocation	Adjustment	Levied by	Shared with Municipals
39	1¢	General	Point of Destination	No	100 Counties	Yes
40	1/2¢	70% General; 30% School Capital	Per Capita	Yes	100 Counties	Yes
42	1/2¢	40% General; 60% School Capital	Point of Destination	Yes	100 Counties	Yes
43	¼¢ or ½¢	Public Transit	Point of Destination	No	Durham, Mecklenburg, Orange, Wake	Yes
46	1/4¢	General	Point of Destination	No	38 counties	No

## County Sales Tax Rates

County	Sales Tax Rate	Articles Levied
<b>60 Counties</b> Alamance Chatham Gates Lenoir Perquimans Union Alleghany Chowan Graham Macon Person Vance Avery Cleveland Granville Madison Polk Warren Beaufort Columbus Guilford McDowell Richmond Washington Bertie Craven Henderson Mitchell Scotland Watauga Bladen Currituck Hoke Moore Stanly Wayne Brunswick Dare Hyde Nash Stokes Wilson Burke Davie Iredell Northampton Swain Yadkin Caldwell Forsyth Johnston Pamlico Transylvania Yancey Camden Franklin Pender Tyrrell Carteret Caswell	<b>6.75%</b> 2% local + 4.75% State	Article 39 Article 40 Article 42
<b>36 Counties</b> Alexander Cherokee Gaston Jackson New Hanover Rockingham Anson Clay Greene Jones Onslow Rowan Ashe Cumberland Halifax Lee Pasquotank Rutherford Buncombe Davidson Harnett Lincoln Pitt Sampson Cabarrus Duplin Haywood Martin Randolph Surry Catawba Edgecombe Hertford Montgomery Robeson Wilkes	<b>7%</b> 2.25% local + 4.75% State	Article 39 Article 40 Article 42 Article 46
Mecklenburg Wake	<b>7.25%</b> 2.5% local + 4.75% State	Article 39 Article 40 Article 42 Article 43 (½¢)
Durham Orange	<b>7.5%</b> 2.75% local + 4.75% State	Article 39 Article 40 Article 42 Article 43 (½¢) Article 46

