

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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PRINCIPAL CLERK

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SENATE BILL DRS45067-MCxf-78

Short Title: Mecklenburg Transportation Referendum. (Local)

Sponsors: Senators Rabon, Craven, and Sawyer (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE SUPPLEMENTAL SOURCES OF REVENUE FOR
3 MECKLENBURG COUNTY FOR LOCAL GOVERNMENT TRANSPORTATION
4 SYSTEM FINANCING.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. LEGISLATIVE FINDINGS**

8 **SECTION 1.1.** The General Assembly makes the following findings:

- 9 (1) Transportation plays a vital role in the State's economy; it makes economic
10 activity possible (e.g., connecting producers to raw materials, workers, and
11 customers) and is a major economic activity in its own right.
- 12 (2) Multiple research studies show a link between access to transportation and
13 economic mobility.
- 14 (3) Sound transportation investments lower the costs of moving people and goods,
15 thereby increasing economic productivity and improving standards of living.
- 16 (4) Some studies have suggested that traffic congestion costs the United States
17 economy over one hundred twenty billion dollars (\$120,000,000,000)
18 annually.
- 19 (5) Potential costs of congestion include those related to increased travel time,
20 added fuel costs, increased unreliability, emissions and environmental
21 damage, excess vehicle operating costs, loss of productivity, increased
22 inventory costs, and higher frequency of cargo delays.
- 23 (6) Research studies have linked traffic congestion to higher rates of depression
24 and anxiety, lower job and overall satisfaction, and even increased rates of
25 domestic violence.
- 26 (7) Traffic congestion is typically a bigger problem in more urbanized and rapidly
27 growing areas.
- 28 (8) North Carolina is home to urbanized and rapidly growing areas that are
29 experiencing the negative effects of traffic congestion.
- 30 (9) Congestion begins slowing the employment growth rate in a region at
31 approximately 37 annual hours of commuter delay and halts growth altogether
32 at 180 annual hours of commuter delay.
- 33 (10) According to the Texas A&M Transportation Institute, the
34 Charlotte-Concord-Gastonia MSA reached 38 annual hours of commuter
35 delay in 2000 and climbed to 53 hours in 2019.



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- (11) In 20 years, the Charlotte region's population will grow by fifty percent (50%) from 2,600,000 today to 4,100,000 in 2045.
- (12) As congestion continues to increase, it is estimated that up to 126,100 jobs and three billion dollars (\$3,000,000,000) in tax receipts could go unrealized by the end of 2050 in the Charlotte-Concord-Gastonia MSA.
- (13) Additional sources of transportation funding are needed to help these areas address congestion so as not to impede future economic growth.

PART II. REVISIONS TO CURRENT MECKLENBURG COUNTY SALES TAX FOR PUBLIC TRANSPORTATION

SECTION 2.1. Reserved.

SECTION 2.2. G.S. 105-507.2 reads as rewritten:

"§ 105-507.2. ~~Levy and collection~~ Levy, collection, and repeal of sales and use tax.

(a) If the majority of those voting in a referendum held pursuant to G.S. 105-507.1 vote for the levy of the tax, the board of commissioners of the county may, by resolution, levy one-half percent (½%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law. Except as provided in this Part, the adoption, levy, collection, administration, and repeal of these additional taxes shall be in accordance with Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this Part, references to 'this Article' mean 'Part 1 of Article 43 of Chapter 105 of the General Statutes'.

(b) No action by a county to repeal a tax levied under this Part may become effective while previously issued or, as provided in this subsection, refinanced, bonds, notes, or other financing secured or payable by receipts derived from the tax allocated to a municipality or a transportation authority by the county remain outstanding. Nothing in this Part obligates a county to exercise any power of taxation or restricts the ability of the county to repeal the tax previously levied. If a county repeals a tax levied under this Part, a municipality or transportation authority may refinance previously issued bonds, notes, or other financing that are secured or payable by receipts for the tax revenue under this Part to reduce debt service as allowed under the law so long as the refinancing does not extend the date of maturity for the previously issued bonds, notes, or other financing.

SECTION 2.3. Reserved.

SECTION 2.4. G.S. 105-507.3 reads as rewritten:

"§ 105-507.3. Distribution and use of taxes.

(a) Distribution. – The Secretary shall, on a monthly basis, allocate to each taxing county the net proceeds of the tax levied under this Part by that county. If the Secretary collects taxes under this Part in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary shall allocate these taxes among the taxing counties, in proportion to the amount of taxes collected in each county under this Part in that month and shall include them in the monthly distribution.

The Secretary shall distribute the net proceeds of the tax levied by a county ~~on a per capita basis among the county and the units of local government in the county that operate public transportation systems.~~ to the largest transportation authority that includes the county. No proceeds shall be distributed to a ~~county that does not operate a public transportation system or to a unit of local government~~ transportation authority that does not operate a public transportation system.

(b) Use. – ~~A county must allocate the net proceeds distributed to it in accordance with its financial plan adopted pursuant to G.S. 105-507 and use the net proceeds only for financing, constructing, operating, and maintaining local public transportation systems. Any other unit of local government~~ transportation authority may use the net proceeds distributed to it under this Part only for financing, constructing, operating, and maintaining local public transportation

1 systems. ~~Every unit of government shall use the net proceeds to supplement and not to supplant~~
2 ~~or replace existing funds or other resources for public transportation systems."~~

3 **SECTION 2.5.** Section 2.4 of this act becomes effective only if Mecklenburg County
4 levies a tax authorized under Part IV of this act. If Mecklenburg County levies a tax authorized
5 under Part IV of this act, then Section 2.4 of this act is effective on the same date that the tax
6 levied under that Part becomes effective. The remainder of this Part is effective when it becomes
7 law.

9 **PART III. REVISIONS TO CURRENT MECKLENBURG COUNTY U-DRIVE-IT TAX**

10 **SECTION 3.1.** Section 3.1 of S.L. 1997-417, as added by Section 30 of S.L.
11 2006-162 and amended by Section 2(h) of S.L. 2009-527, reads as rewritten:

12 "SECTION 3.1. A county authorized to impose a tax under Part 2 of Article 43 of Chapter
13 105 of the General Statutes is considered an authority under Article 50 of Chapter 105 of the
14 General Statutes, as enacted by Section 3 of this act, and the board of commissioners of that
15 county is considered the board of trustees of the authority under Article 50. G.S. 105-554 of
16 Article 50 does not apply to the proceeds of a tax imposed by a county considered an authority
17 under this section. The proceeds of a tax imposed by a county considered an authority under this
18 section must be transferred to the largest ~~city in~~ metropolitan public transportation authority
19 including that county operating a public transportation system and used only for financing,
20 constructing, operating, and maintaining a public transportation system. The proceeds may
21 supplant existing funds allocated for a public transportation system. The term 'public
22 transportation system' has the same meaning as defined in G.S. 105-506.1."

23 **SECTION 3.2.** This Part becomes effective only if Mecklenburg County levies a tax
24 authorized under Part IV of this act. If Mecklenburg County levies a tax authorized under Part
25 IV of this act, then this Part is effective on the same date that the tax levied under that Part
26 becomes effective.

28 **PART IV. ADDITIONAL MECKLENBURG COUNTY ROADWAY SYSTEMS AND** 29 **PUBLIC TRANSPORTATION SYSTEMS SALES TAX**

30 **SECTION 4.1.** Title. – This Part is the Mecklenburg County Roadway Systems and
31 Public Transportation Systems Sales Tax Act and may be cited by that name. This Part gives
32 Mecklenburg County an opportunity to obtain an additional source of revenue with which to meet
33 its needs for financing roadway systems and public transportation systems. It provides the County
34 with authority to levy sales and use taxes. All such taxes must be approved in a referendum.

35 **SECTION 4.2.** Definitions. – The definitions in G.S. 105-164.3, G.S. 105-506.1,
36 and the following definitions apply in this Part:

- 37 (1) Eligible municipality. – Any of the following municipalities in Mecklenburg
38 County: the City of Charlotte and the Towns of Cornelius, Davidson,
39 Huntersville, Matthews, Mint Hill, and Pineville.
- 40 (2) Red Line. – A rail project that includes, at a minimum, service from the center
41 of the City of Charlotte through the towns of Cornelius, Davidson, and
42 Huntersville and, provided that agreement is obtained from applicable local
43 governments outside of Mecklenburg County, continues to a point north of
44 the jurisdiction of the Town of Davidson, and in no event shall the terminus
45 be in the Town of Davidson's jurisdiction unless approved by the Town of
46 Davidson.
- 47 (3) Roadway system. – A roadway together with appurtenances to a roadway
48 which includes, but is not limited to, plans, designs, and related studies;
49 rights-of-way, whether conveyed by deed or easement; construction,
50 maintenance, and improvements to streets and highways, intersections,
51 streetscapes and landscaping, pedestrian facilities, bicycle facilities, parking

lots, curbs, gutters, storm drainage, bridges, overpasses, grade crossings, street lighting, and traffic control devices; utility relocations; publicly accessible electric vehicle charging infrastructure, hydrogen fueling infrastructure, propane fueling infrastructure, natural gas fueling infrastructure, and vehicle-to-grid infrastructure; current and emerging intelligent transportation technologies, including the ability of vehicles to communicate with infrastructure, buildings, and other road users; projects that facilitate intermodal connections between emerging transportation technologies, such as magnetic levitation and hyperloop; protective features, including natural infrastructure, to enhance the resilience of a transportation facility; and measures to protect a roadway system from cybersecurity threats.

SECTION 4.3. Exemption of Food. – A tax levied under this Part does not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a).

SECTION 4.4.(a) Advisory Referendum. – The Mecklenburg County Board of Commissioners may direct the county board of elections to conduct an advisory referendum within the County on the question of whether a local sales and use tax at the rate of one percent (1%) may be levied in accordance with this Part. The election shall be held in accordance with the procedures of G.S. 163-287. The Board of Commissioners shall hold a public hearing on the question at least 30 days before the date the election is to be held.

SECTION 4.4.(b) Ballot Question. – The form of the question to be presented on a ballot for a special election concerning the levy of a tax authorized by this Part shall be:

" [] FOR [] AGAINST

One percent (1%) local sales and use taxes, in addition to the current local sales and use taxes, to be used only for roadway systems and public transportation systems."

SECTION 4.5. Levy of Tax. – The Board of Commissioners may, by resolution, levy one percent (1%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law only if all of the following conditions are satisfied:

- (1) The majority of those voting in a referendum held pursuant to Section 4.4(a) of this Part vote for the levy of the tax.
- (2) The General Assembly has enacted authorizing legislation that would allow a public transportation authority (hereafter "the Authority") that includes Mecklenburg County to be established, and the Authority has been established.
- (3) At least one eligible municipality or an Authority maintains a public transportation system in the County.

SECTION 4.6. Administration. – Except as otherwise provided in this Part, the adoption, levy, collection, administration, and repeal of these additional taxes shall be in accordance with Article 39 of Chapter 105 of the General Statutes. Nothing in this Part obligates Mecklenburg County to exercise any power of taxation or restricts the ability of the County to repeal the tax previously levied.

SECTION 4.7. Distribution. – The Secretary of Revenue shall, on a monthly basis, distribute to Mecklenburg County the net proceeds of the tax levied under this Part. Mecklenburg County must distribute forty percent (40%) of the net proceeds of a tax levied under this Part as provided in Section 4.8 of this act and sixty percent (60%) of the net proceeds of a tax levied under this Part as provided in Section 4.9 of this act.

SECTION 4.8. Roadway Distribution and Use. – Mecklenburg County must distribute forty percent (40%) of the net proceeds of a tax levied under this Part among the eligible municipalities as provided in this section. Each eligible municipality shall annually submit to the County a copy of the statement certified by a registered engineer or surveyor that is submitted to the Department of Transportation under G.S. 136-41.1(a) of the total number of miles of streets

in that municipality that are not part of the State highway system. The word "street" as used under this section has the same definition as provided in G.S. 136-41.1(a). Each eligible municipality shall use the net proceeds distributed to it under this section only for costs associated with financing, constructing, operating, or maintaining roadway systems.

(1) Procedure. The following amounts must be computed before the distribution of any tax proceeds under this section:

a. The monthly amount for each eligible municipality other than the City of Charlotte is equal to one hundred twenty-five percent (125%) of the greater of the following two amounts:

1. The amount generated by multiplying the net proceeds distributed under this section during a month by the percentage proportion that the mileage of streets in the eligible municipality that do not form a part of the State highway system bears to the total mileage of the streets that do not constitute a part of the State highway system in all eligible municipalities combined.

2. The sum of the following:

I. The amount generated by multiplying seventy-five percent (75%) of the net proceeds distributed under this section during a month by the percentage proportion that the population of the eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer.

II. The amount generated by multiplying twenty-five percent (25%) of the net proceeds distributed under this section during a month in the percentage proportion that the mileage of streets in each eligible municipality that do not form a part of the State highway system bears to the total mileage of the streets that do not constitute a part of the State highway system in all eligible municipalities combined.

b. The monthly amount for the City of Charlotte is the remainder of net proceeds to be distributed under this section during a month after the amounts for the other eligible municipalities are determined under Section 4.8(1)a. of this act.

c. The annual amount for an eligible municipality is equal to the sum of the 12 monthly amounts for that municipality.

d. The baseline amount for an eligible municipality other than the City of Charlotte is equal to the following:

1. For fiscal years beginning on or after the effective date of the levy of the tax but prior to the first full fiscal year beginning on or after one year after the effective date of the levy of the tax, the baseline amount is zero.

2. For fiscal years beginning on or after at least one full fiscal year after the effective date of the levy of the tax but before the release of census data by the U.S. Census Bureau for the next decennial census, the annual amount as calculated under Section 4.8(1)c. of this act for the first full fiscal year beginning on or after the effective date of the levy of the tax.

3. For later fiscal years, the annual amount as calculated under Section 4.8(1)c. of this act for the first fiscal year beginning on or after the release of census data by the U.S. Census Bureau for the most recent decennial census.
- e. The baseline amount for the City of Charlotte is zero.
- (2) Distribution. The distribution of net proceeds under this subdivision is as follows:
 - a. For the first 11 months of the fiscal year, the County shall distribute the monthly amount to each eligible municipality.
 - b. For the final month of the fiscal year, the distribution is as follows:
 1. If the total net proceeds distributed to the County for the fiscal year are less than the total net proceeds distributed to the County for the preceding fiscal year, the County shall distribute the monthly amount to each eligible municipality.
 2. If the total net proceeds distributed to the County for the fiscal year are greater than the total net proceeds distributed to the County for the preceding fiscal year, the County shall distribute the proceeds as follows:
 - I. If the annual amount for each municipality is greater than the baseline amount for that municipality, the monthly amount.
 - II. Except as provided in Section 4.8(2)b.2.III. of this act, if the annual amount for any municipality is less than the baseline amount for that municipality, then the following:
 - A. The amount to be distributed to each eligible municipality whose annual amount is less than the baseline amount is the amount needed so that the total amount distributed to that municipality for the fiscal year is equal to the baseline amount.
 - B. The amount to be distributed to the other eligible municipalities is the monthly amount as reduced by this sub-sub-sub-sub-subdivision. The amount of the reduction is equal to the difference between the annual amount and the baseline amount for all eligible municipalities combined that receive a distribution under Section 4.8(2)b.2.II.A. of this act multiplied by a percentage. The percentage is equal to the percentage proportion that the population of the eligible municipality bears to the total population of all eligible municipalities subject to distribution under this sub-sub-sub-sub-subdivision according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer.
 - III. If the calculation required in Section 4.8(2)b.2.II.B. of this act would result in the annual amount for any of those eligible municipalities to be lower than that

municipality's baseline amount, then the County shall distribute to each eligible municipality the monthly amount.

SECTION 4.9. Public Transportation Distribution and Use. – Mecklenburg County must distribute sixty percent (60%) of the net proceeds of the tax levied under this Part to the Authority. The Authority shall use the net proceeds distributed to it under this section only for costs associated with financing, acquiring, constructing, operating, and maintaining any combination of real and personal property for a public transportation system. The Authority may accomplish these purposes by undertaking these activities itself or by entering an interlocal agreement with a municipality in Mecklenburg County that operates a public transportation system to use funds allocated under this section for those purposes as directed by the Authority in the interlocal agreement. An interlocal agreement entered under this section may include a binding commitment on the part of the Authority to allocate all or a portion of these proceeds to the municipality for a defined number of years or until a defined condition is met, such as the satisfaction of any debt that was issued for public transportation systems. In addition, the Authority may enter an agreement with a private entity whereby that entity uses these funds for this purpose as directed by the Authority in the agreement. The net proceeds of a tax levied under this Part that are distributed to the Authority may be included as revenues within the meaning of G.S. 159-81(4), including any modifications of that statute. The following conditions apply to the use of funds distributed under this section:

- (1) No more than two-thirds of these funds may be used for the capital and operating costs of rail projects over any period of 30 calendar years combined. Compliance with this section is first determined at the end of the first 30-year period, and then annually thereafter based on the previous 30-year period. Nothing in this section will be interpreted to adversely impact the rights of bondholders to any funds distributed or pledged to secure bonds, notes, or other obligations used to finance or refinance real and personal property for a public transportation system.
- (2) The Authority shall complete at least fifty percent (50%) of the Red Line as evidenced by a scope of work schedule created and submitted by the general contractor or construction manager on the project before the completion of any other rail project, absent the existence or occurrence of force majeure events that delay completion of the Red Line or make completion of the Red Line impracticable. For the purposes of this section, a scope of work schedule is defined as a listing of project tasks associated with a project time line that is updated as the Red Line construction project progresses. For the purposes of this section, force majeure events include fire, flood, earthquakes, other elements of nature, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, nuclear or chemical contamination, epidemics, quarantines, acts of the federal or State government, a declared state of emergency, strikes or labor disruptions other than those specific to the Authority, or other conditions beyond its reasonable control and which, by reasonable diligence, the Authority is unable to prevent. Should a force majeure event delay or halt the Red Line project, the Authority shall resume the original Red Line schedule as soon as practicable when the force majeure event has ceased or subsided. Planning, design, and construction work may occur simultaneously on other rail projects, but only to the extent that those activities do not interfere with or delay the completion of the Red Line.
- (3) The Authority shall solicit input from the Towns of Cornelius, Davidson, and Huntersville on all aspects of the Red Line design, including conceptual

- 1 design, construction drawings, and station location. If the Red Line extends to
2 the Town of Mooresville, the Authority shall also solicit input from that Town.
3 (4) The Authority shall reimburse the City of Charlotte for the acquisition of the
4 Norfolk Southern O-Line and related property. The amount to be reimbursed
5 may not be more than the cost to the City of Charlotte to acquire the property
6 from Norfolk Southern, including any costs for indebtedness incurred by the
7 City with respect to the acquisition. The Authority and the City of Charlotte
8 shall jointly agree to a schedule for reimbursement of these costs.

9 **SECTION 4.10.** Repeal of Tax. – The Mecklenburg County Board of
10 Commissioners may by resolution repeal the levy and imposition of the tax in the County as
11 provided in G.S. 105-473(c). The Board of Commissioners, upon adoption of a repeal resolution,
12 shall cause a certified copy of the resolution to be delivered immediately to the Secretary of
13 Revenue. No liability for any tax levied under this Part that attached prior to the effective date
14 on which a levy is repealed shall be discharged as a result of such repeal, and no right to a refund
15 of tax or otherwise that accrued prior to the effective date on which a levy is repealed shall be
16 denied as a result of such repeal. If a county repeals a tax levied under this Part, the Authority or
17 a municipality may refinance previously issued bonds, notes, or other financing that are secured
18 or payable by receipts for the tax revenue under this Part to reduce debt service as allowed under
19 the law so long as the refinancing does not extend the date of maturity for the previously issued
20 bonds, notes, or other financing. No repeal of taxes levied and imposed under this Part shall be
21 effective until the latest of the following:

- 22 (1) The end of the fiscal year in which the repeal resolution was adopted.
23 (2) The date by which all previously issued or, as provided in this section,
24 refinanced bonds, notes, or other financing obtained by the Authority or a
25 municipality secured or payable by receipts from the tax levied under this Part
26 have been satisfied.
27 (3) The date by which the Authority has fully reimbursed the City for the purchase
28 of the O-Line as required by Section 4.9(4) of this act.
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30 **PART V. RESERVED**

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32 **PART VI. RESERVED**

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34 **PART VII. RESERVED**

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36 **PART VIII. RESERVED**

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38 **PART IX. MISCELLANEOUS PROVISIONS**

39 **SECTION 9.1.** Reserved.

40 **SECTION 9.2.** This act becomes law only if the Current Operations Appropriations
41 Act for the 2025-2026 fiscal year becomes law. Except as otherwise provided, this act is effective
42 at the time the Current Operations Appropriations Act for the 2025-2026 fiscal year becomes
43 law.