

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

FILED SENATE
Feb 24, 2025
S.B. 145
PRINCIPAL CLERK

S

D

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.



* D R S 4 5 0 6 7 - M C X F - 7 8 *

- 1 (11) In 20 years, the Charlotte region's population will grow by fifty percent (50%)
2 from 2,600,000 today to 4,100,000 in 2045.
- 3 (12) As congestion continues to increase, it is estimated that up to 126,100 jobs
4 and three billion dollars (\$3,000,000,000) in tax receipts could go unrealized
5 by the end of 2050 in the Charlotte-Concord-Gastonia MSA.
- 6 (13) Additional sources of transportation funding are needed to help these areas
7 address congestion so as not to impede future economic growth.
8

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

11 **SECTION 2.1.** Reserved.

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

13 "**§ 105-507.2. ~~Levy and collection~~ Levy, collection, and repeal of sales and use tax.**

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

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

31 **SECTION 2.3.** Reserved.

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

33 "**§ 105-507.3. Distribution and use of taxes.**

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

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

46 (b) Use. – ~~A county must allocate the net proceeds distributed to it in accordance with its~~
47 ~~financial plan adopted pursuant to G.S. 105-507 and use the net proceeds only for financing,~~
48 ~~constructing, operating, and maintaining local public transportation systems. Any other unit of~~
49 ~~local government transportation authority may use the net proceeds distributed to it under this~~
50 ~~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.

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

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

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

- 36
- 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

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

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

15 **SECTION 4.4.(a)** Advisory Referendum. – The Mecklenburg County Board of
16 Commissioners may direct the county board of elections to conduct an advisory referendum
17 within the County on the question of whether a local sales and use tax at the rate of one percent
18 (1%) may be levied in accordance with this Part. The election shall be held in accordance with
19 the procedures of G.S. 163-287. The Board of Commissioners shall hold a public hearing on the
20 question at least 30 days before the date the election is to be held.

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

23 " [] FOR [] AGAINST

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

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

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

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

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

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

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

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

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

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

17 2. The sum of the following:

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

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

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

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

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

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

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

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

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

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

30 **PART V. RESERVED**

32 **PART VI. RESERVED**

34 **PART VII. RESERVED**

36 **PART VIII. RESERVED**

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.