

Optional Local Sales Tax Hike for Transport Projects OK'd by North Carolina Lawmakers

RALEIGH, N.C.—North Carolina counties could raise their sales taxes to fund transportation projects under a bill (H.B. 148) approved by the state Legislature Aug. 10.

The legislation, which is expected to be approved by Gov. Bev Perdue (D), would authorize Durham, Forsyth, Guilford, Orange, and Wake counties to levy an additional 0.5 percent local sales tax to fund multimodal transportation.

Other counties with public transit systems would be allowed to impose an additional 0.25 percent sales tax, with the exception of Mecklenburg, which already has an additional 0.5 percent sales tax dedicated to public transportation.

Prior to imposing the additional tax, counties must receive voter approval via referendum.

Perdue recently signed into law a budget bill that increases North Carolina's overall general sales tax rate by one percentage point, effective Sept. 1, to 5.5 percent. Beginning Oct. 1, that rate increases to 5.75 percent.

Most counties in the state already are authorized to impose an additional 2.25 percent local sales tax, with nine of the 100 counties allowed a higher rate.

Grants for Railroads, Other Transport

H.B. 148 also would create a state fund to provide grants to local governments and transportation authorities to help finance public transportation and to support freight and commuter railroad investments. State agencies and railroads also would be eligible for grants to help fund certain rail projects.

In addition, the pending legislation would allow counties with a public transit system to increase their vehicle registration fees by up to \$3 per year. A property tax increase within the Research Triangle Park special tax district also would be authorized.

The local option sales tax and grants under H.B. 148 are among a variety of alternative transportation funding projects under consideration in North Carolina. Toll roads and bridges, public-private partnerships, and certain bonds are among the other approaches being implemented or considered.

Gene Conti, the state's transportation secretary, has previously voiced support for H.B. 148. The final version of the bill was approved by the state Senate Aug. 6 by a margin of 35-9, and passed the House on a 73-40 vote Aug. 10.

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