

Counties have the option to increase the sales tax by 1-quarter of a penny, (the Article 46 sales tax in N.C. G.S. 105-535) provided the public approves via a referendum.

Question: What are the steps a county needs to consider when scheduling a referendum?

Answer: 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. Due to a new law passed in 2019, counties are prohibited from holding more than one referendum "within one year."

Question: Must the Board of County Commissioners levy the sales tax if the voters approve the referendum?

Answer: 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.

Question: Can a county stipulate uses of the monies on the ballot as a part of the referendum?

Answer: 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.

Question: Is there a prescribed format for the question of the ballot?

Answer: Yes. 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 1-quarter% (0.25%) in addition to all other State and local sales and use taxes.'

Note: The sale tax amount is set at a rate of .25%.

Question: When is the earliest the sales tax will become effective if the Board of County Commissioners levies the sales tax via resolution following a successful referendum?

Answer: 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 one of the following year, provided it adopts a resolution levying the tax and forwards it to the Department of Revenue prior to December 31.

Question: If the voters pass the referendum for the sales tax, what happens next?

Answer: 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 the Department of Revenue. The DoR's address is:

Department of Revenue
P.O. Box 25000
Raleigh, NC 27640

The Association has prepared a [model resolution](#) PDF for a successful sales tax referendum.

Question: Are there restrictions on the use of the revenues?

Answer: No. The sales tax is not restricted or earmarked and can therefore be used for any allowed use by counties.

Question: If the referendum fails, can a county hold a subsequent referendum on the same question?

Answer: Yes, however, due to a [new law](#) passed in 2019, the county must wait one year to hold a subsequent referendum.

Question: Can a county spend public money educating citizens on issues related to the referendum?

Answer: Yes. 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.

Question: Can members of a county board of commissioners actively promote the passage of the referendum?

Answer: Yes. 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.

Question: Does the sales tax apply to unprepared food or gas?

Answer: No. 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.

As with any local legal matter, we ask that you consult with your county attorney and county board of elections as you consider these local referendum options.