

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 305

Short Title: Guilford County Sales Tax Distribution Mods. (Local)

Sponsors: Representative Blust.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government, if favorable, Finance, if favorable, Rules, Calendar,
and Operations of the House

March 6, 2025

A BILL TO BE ENTITLED
AN ACT TO PROMOTE FAIRNESS IN SALES TAX DISTRIBUTIONS FOR
MUNICIPALITIES IN GUILFORD COUNTY BY ALLOWING MUNICIPALITIES
THAT DO NOT LEVY AD VALOREM TAXES TO RECEIVE A PERCENTAGE OF
LOCAL GOVERNMENT SALES AND USE TAX DISTRIBUTIONS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Definitions. – The definitions in G.S. 105-472 apply to this section to the extent they are not inconsistent with the provisions of this section. In addition, the following definitions apply in this act:

- (1) Council. – Defined in G.S. 160A-1.
- (2) Net proceeds. – The product of a qualifying municipality's per capita distribution multiplied by twenty-five percent (25%).
- (3) Per capita distribution. – The net proceeds of the tax collected under Article 39 of Chapter 105 of the General Statutes and distributable to a qualifying municipality as calculated using the per capita distribution method under G.S. 105-472(b)(1).
- (4) Qualifying municipality. – A municipality that meets all of the following requirements:
 - a. Is in Guilford County.
 - b. Does not levy ad valorem taxes.
 - c. Does not receive distributions under G.S. 105-472(b)(2).

SECTION 1.(b) Authorization. – Notwithstanding G.S. 105-472, a qualifying municipality may receive distributions of net proceeds in accordance with this section during any year in which the Guilford County Board of Commissioners chooses the ad valorem distribution method under G.S. 105-472.

SECTION 1.(c) Resolution Required. – The council of a qualifying municipality shall adopt a resolution indicating its intent to receive net proceeds in accordance with this section. For a resolution under this subsection to be effective, a certified copy of it must be delivered to the Secretary in Raleigh. If the council of a qualifying municipality fails to adopt a resolution under this subsection, or if a certified copy of the resolution is not delivered to the Secretary, that qualifying municipality is prohibited from receiving net proceeds. A resolution under this subsection is effective until either (i) the municipality no longer meets the criteria of a "qualifying municipality" or (ii) the Guilford County Board of Commissioners chooses the per



capita distribution method under G.S. 105-472, after which time the municipality shall adopt and submit a new resolution in accordance with this subsection.

SECTION 1.(d) Proportional Reduction. – The net proceeds of the taxes distributed to Guilford County and to the municipalities in Guilford County under G.S. 105-472 shall be proportionately reduced by the amount of net proceeds distributed to qualifying municipalities under this section.

SECTION 1.(e) Service/Fire Districts Inapplicable. – Ad valorem taxes levied by any service or fire district located in whole or in part within a qualifying municipality shall not prohibit that municipality from receiving net proceeds under this section.

SECTION 2. This act is effective when it becomes law.