

## Appendix 4.1 Local Revenue Authority and Limitations

Revenue Source (by Category)	Available to Counties, Cities, or Both? <sup>a</sup>	Restriction on Use of Proceeds?
<i>Local Taxes</i>		
Property Tax	Both	Proceeds may be expended only for purposes specified in G.S. 153A-149 (counties) or 160A-209 (cities) unless voters approve otherwise in referendum.
Local Sales and Use Tax	County only (but certain proceeds must be shared with cities)	A portion of a county's distribution must be used for public school capital outlay. A separate portion must be used for public schools, community colleges, or economic development. The remaining funds may be expended for any public purpose in which the unit is authorized to engage. A municipality may expend its share for any public purpose in which the unit is authorized to engage.
Transportation Sales and Use Tax	County only (but in some cases proceeds must be shared with cities)	Proceeds must be expended to finance, construct, operate, and maintain local public transportation systems.
Rental Car Gross Receipts Tax	Both	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
Short-Term Heavy Equipment Rentals Tax	Both	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
Motor Vehicle License Taxes	Both	Counties must expend proceeds to fund the construction, operation, and maintenance of one or more public transportation systems. Cities may expend proceeds for any public purpose in which the unit is authorized to engage.
Occupancy and Meal Taxes	Authorized by local act only	Local act typically restricts use of proceeds to particular purpose(s).
<i>Local Fees, Charges, and Assessments</i>		
General User Fees and Charges	Both	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
Regulatory Fees	Both	Proceeds must be used to fund direct and indirect costs of performing regulatory activity.
Public Enterprise Fees and Charges	Both	Some proceeds are restricted to use only for the particular public enterprise activity.
Franchise Fees	Both (but county authority very limited)	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
Special Assessments	Both	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
Statutory Fees	Both (mainly county)	Most of the proceeds are restricted to use only for a particular purpose.

(continued)

## Appendix 4.1 Local Revenue Authority and Limitations *(continued)*

Revenue Source (by Category)	Available to Counties, Cities, or Both? <sup>a</sup>	Restriction on Use of Proceeds?
<i>State-Shared Revenue</i>		
<b>Video Programming Services Taxes</b>	Both	Some proceeds must be used to support local public, educational, or governmental access channels. The remaining proceeds may be used for any public purpose in which the unit is authorized to engage.
<b>Beer and Wine Taxes</b>	Both	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
<b>Real Estate Transfer Taxes</b>	County only	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
<b>Disposal Taxes</b>	County only	Proceeds must be used to manage the disposal of tires or white goods.
<b>911 Charge</b>	Both	Proceeds restricted to certain, specified expenditures related to the operation of a 911 system.
<b>Electric Taxes</b>	City only	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
<b>Telecommunications Tax</b>	City only	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
<b>Piped Natural Gas Taxes</b>	City only	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
<b>Motor Fuels Tax (Powell Bill Funds)</b>	City only	Proceeds must be used primarily for the resurfacing of municipal streets.
<i>Other Local Revenues</i>		
<b>Alcohol Beverage Control Store Profits</b>	Both	Some of the proceeds are earmarked for alcohol and substance abuse research and education programs. Under general law, the remaining funds may be expended for any public purpose in which the unit is authorized to engage. Local acts of the General Assembly frequently earmark all or some portion of a system's profits for a particular purpose.
<b>Investment Earnings</b>	Both	Proceeds may be expended for any public purpose in which the unit is authorized to engage.
<b>Grants</b>	Both	Proceeds typically are restricted to a particular purpose.
<b>Fines and Penalties</b>	Both	The clear proceeds of some locally collected fines and penalties must be distributed to the public schools. Other fine and penalty revenue typically may be expended for any public purpose in which the unit is authorized to engage.

a. Note that there may be certain eligibility requirements to qualify for a particular revenue stream or employ a particular revenue-raising mechanism.