

**NORTH CAROLINA GENERAL ASSEMBLY
1969 SESSION**

CHAPTER 1200
HOUSE BILL 331

1 AN ACT TO AMEND THE CONSTITUTION OF NORTH CAROLINA TO REVISE
2 ARTICLE V CONCERNING STATE AND LOCAL FINANCE.

4 The General Assembly of North Carolina do enact:

6 **Section 1.** The Constitution of North Carolina, as revised and amended by a
7 revision and amendment submitted to the qualified voters by An Act to Revise and Amend the
8 Constitution of North Carolina, H.B. 231, enacted as Chapter 1258 of the Session Laws of
9 1969, is amended as follows:

10 (a) Article V is rewritten to read as follows:

"Article V

"Finance

13 **"Section 1. No capitation tax to be levied.** No poll or capitation tax shall be levied by the
14 General Assembly or by any county, city or town, or other taxing unit.

15 "Sec. 2. State and local taxation.

16 "(1) Power of taxation. The power of taxation shall be exercised in a just and equitable
17 manner, for public purposes only, and shall never be surrendered, suspended, or contracted
18 away.

19 "(2) Classification. Only the General Assembly shall have the power to classify property
20 for taxation, which power shall be exercised only on a State-wide basis and shall not be
21 delegated. No class of property shall be taxed except by uniform rule, and every classification
22 shall be made by general law uniformly applicable in every county, city and town, and other
23 unit of local government.

24 "(3) Exemptions. Property belonging to the State, counties, and municipal corporations
25 shall be exempt from taxation. The General Assembly may exempt cemeteries and property
26 held for educational, scientific, literary, cultural, charitable, or religious purposes, and, to a
27 value not exceeding \$300, any personal property. The General Assembly may exempt from
28 taxation not exceeding \$1,000 in value of property held and used as the place of residence of
29 the owner. Every exemption shall be on a State-wide basis and shall be made by general law
30 uniformly applicable in every county, city and town, and other unit of local government. No
31 taxing 1385 authority other than the General Assembly may grant exemptions, and the General
32 Assembly shall not delegate the powers accorded to it by this subsection.

33 "(4) Special tax areas. Subject to the limitations imposed by Section 4, the General
34 Assembly may enact general laws authorizing the governing body of any county, city, or town
35 to define territorial areas and to levy taxes within those areas, in addition to those levied
36 throughout the county, city, or town, in order to finance, provide, or maintain services,
37 facilities, and functions in addition to or to a greater extent than those financed, provided, or
38 maintained for the entire county, city, or town.

39 "(5) Purposes of property tax. The General Assembly shall not authorize any county, city
40 or town, special district, or other unit of local government to levy taxes on property, except for
41 purposes authorized by general law uniformly applicable throughout the State, unless the tax is
42 approved by a majority of the qualified voters of the unit who vote thereon.

1 "(6) Income tax. The rate of tax on incomes shall not in any case exceed ten per cent and
2 there shall be allowed the following minimum exemptions, to be deducted from the amount of
3 annual incomes: to the income-producing spouse of a married couple living together, or to a
4 widow or widower having minor child or children, natural or adopted, not less than \$2,000; to
5 all other persons not less than \$1,000; and there may be allowed other deductions, not including
6 living expenses, so that only net incomes are taxed.

7 "(7) Contracts. The General Assembly may enact laws whereby the State, any county,
8 city or town, and any other public corporation may contract with and appropriate money to any
9 person, association, or corporation for the accomplishment of public purposes only.

10 **"Sec. 3. Limitations upon the increase of State debt.**

11 "(1) Authorized purposes; two-thirds limitation. The General Assembly shall have no
12 power to contract debts secured by a pledge of the faith and credit of the State, unless approved
13 by a majority of the qualified voters of the State who vote thereon, except for the following
14 purposes:

15 (a) to fund or refund a valid existing debt;
16 (b) to supply an unforeseen deficiency in the revenue;
17 (c) to borrow in anticipation of the collection of taxes due and payable within the
18 current fiscal year to an amount not exceeding 50 per cent of such taxes;
19 (d) to suppress riots or insurrections, or to repel invasions;
20 (e) to meet emergencies immediately threatening the public health or safety, as
21 conclusively determined in writing by the Governor;
22 (f) for any other lawful purpose, to the extent of two-thirds of the amount by which
23 the State's outstanding indebtedness shall have been reduced during the next
24 preceding biennium.

25 "(2) Gift or loan of credit regulated. The General Assembly shall have no power to give
26 or lend the credit of the State in aid of any person, association, or corporation, except a
27 corporation in which the State has a controlling interest, unless the subject is submitted to a
28 direct vote of the people of the State, and is approved by a majority of the qualified voters who
29 vote thereon.

30 "(3) Definitions. A debt is incurred within the meaning of this Section when the State
31 borrows money. A pledge of the faith and credit within the meaning of this Section is a pledge
32 of the taxing power. A loan of credit within the meaning of this Section occurs when the State
33 exchanges its obligations with or in any way guarantees the debts of an individual, association,
34 or private corporation.

35 "(4) Certain debts barred. The General Assembly shall never assume or pay any debt or
36 obligation, express or implied, incurred in aid of insurrection or rebellion against the United
37 States. Neither shall the General Assembly assume or pay any debt or bond incurred or issued
38 by authority of the Convention of 1868, the special session of the General Assembly of 1868,
39 or the General Assemblies of 1868-69 and 1869-70, unless the subject is submitted to the
40 people of the State and is approved by a majority of all the qualified voters at a referendum
41 held for that sole purpose.

42 "(5) Outstanding debt. Except as provided in subsection (4), nothing in this Section shall
43 be construed to invalidate or impair the obligation of any bond, note, or other evidence of
44 indebtedness outstanding or authorized for issue as of July 1, 1973.

45 **"Sec. 4. Limitations upon the increase of local government debt.**

46 "(1) Regulation of borrowing and debt. The General Assembly shall enact general laws
47 relating to the borrowing of money secured by a pledge of the faith and credit and the
48 contracting of other debts by counties, cities and towns, special districts, and other units,
49 authorities, and agencies of local government.

50 "(2) Authorized purposes; two-thirds limitation. The General Assembly shall have no
51 power to authorize any county, city or town, special district, or other unit of local government

1 to contract debts secured by a pledge of its faith and credit unless approved by a majority of the
2 qualified voters of the unit who vote thereon, except for the following purposes:

- 3 (a) to fund or refund a valid existing debt;
- 4 (b) to supply an unforeseen deficiency in the revenue;
- 5 (c) to borrow in anticipation of the collection of taxes due and payable within the
6 current fiscal year to an amount not exceeding 50 per cent of such taxes;
- 7 (d) to suppress riots or insurrections;
- 8 (e) to meet emergencies immediately threatening the public health or safety, as
9 conclusively determined in writing by the Governor;
- 10 (f) for purposes authorized by general laws uniformly applicable throughout the
11 State, to the extent of two-thirds of the amount by which the unit's outstanding
12 indebtedness shall have been reduced during the next preceding fiscal year.

13 "(3) Gift or loan of credit regulated. No county, city or town, special district, or other
14 unit of local government shall give or lend its credit in aid of any person, association, or
15 corporation, except for public purposes as authorized by general law, and unless approved by a
16 majority of the qualified voters of the unit who vote thereon.

17 "(4) Certain debts barred. No county, city or town, or other unit of local government
18 shall assume or pay any debt or the interest thereon contracted directly or indirectly in aid or
19 support of rebellion or insurrection against the United States.

20 "(5) Definitions. A debt is incurred within the meaning of this Section when a county,
21 city or town, special district, or other unit, authority, or agency of local government borrows
22 money. A pledge of faith and credit within the meaning of this Section is a pledge of the taxing
23 power. A loan of credit within the meaning of this Section occurs when a county, city or town,
24 special district, or other unit, authority, or agency of local government exchanges its obligations
25 with or in any way guarantees the debts of an individual, association, or private corporation.

26 "(6) Outstanding debt. Except as provided in subsection (4), nothing in this Section shall
27 be construed to invalidate or impair the obligation of any bond, note, or other evidence of
28 indebtedness outstanding or authorized for issue as of July 1, 1973.

29 **"Sec. 5. Acts levying taxes to state objects.** Every act of the General Assembly levying a tax
30 shall state the special object to which it is to be applied, and it shall be applied to no other
31 purpose.

32 **"Sec. 6. Inviolability of sinking funds and retirement funds.**

33 "(1) Sinking funds. The General Assembly shall not use or authorize to be used any part
34 of the amount of any sinking fund for any purpose other than the retirement of the bonds for
35 which the sinking fund has been created, except that these funds may be invested as authorized
36 by law.

37 "(2) Retirement funds. Neither the General Assembly nor any public officer, employee,
38 or agency shall use or authorize to be used any part of the funds of the Teachers' and State
39 Employees' Retirement System or the Local Governmental Employees' Retirement System for
40 any purpose other than retirement system benefits and purposes, administrative expenses, and
41 refunds; except that retirement system funds may be invested as authorized by law, subject to
42 the investment limitation that the funds of the Teachers' and State Employees' Retirement
43 System and the Local Governmental Employees' Retirement System shall not be applied,
44 diverted, loaned to, or used by the State, any State agency, State officer, public officer, or
45 public employee.

46 **"Sec. 7. Drawing public money.**

47 "(1) State treasury. No money shall be drawn from the State Treasury but in consequence
48 of appropriations made by law, and an accurate account of the receipts and expenditures of
49 State funds shall be published annually.

50 "(2) Local treasury. No money shall be drawn from the treasury of any county, city or
51 town, or other unit of local government except by authority of law."

(b) Article XIV, Sec. 3, is rewritten to read as follows:

2 **"Sec. 3. General laws defined.** Whenever the General Assembly is directed or authorized by
3 this Constitution to enact general laws, or general laws uniformly applicable throughout the
4 State, or general laws uniformly applicable in every county, city and town, and other unit of
5 local government, or in every local court district, no special or local act shall be enacted
6 concerning the subject matter directed or authorized to be accomplished by general or
7 uniformly applicable laws, and every amendment or repeal of any law relating to such subject
8 matter shall also be general and uniform in its effect throughout the State. General laws may be
9 enacted for classes defined by population or other criteria. General laws uniformly applicable
10 throughout the State shall be made applicable without classification or exception in every unit
11 of local government of like kind, such as every county, or every city and town, but need not be
12 made applicable in every unit of local government in the State. General laws uniformly
13 applicable in every county, city and town, and other unit of local government, or in every local
14 court district, shall be made applicable without classification or exception in every unit of local
15 government, or in every local court district, as the case may be. The General Assembly may at
16 any time repeal any special, local, or private act."

"Article V "Finance

24 **"Section 1. No capitation tax to be levied.** No poll or capitation tax shall be levied by the
25 General Assembly or by any county, city or town, or other taxing unit.

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28 manner, for public purposes only, and shall never be surrendered, suspended, or contracted
29 away.

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31 for taxation, which power shall be exercised only on a State-wide basis and shall not be
32 delegated. No class of property shall be taxed except by uniform rule, and every classification
33 shall be made by general law uniformly applicable in every county, city and town, and other
34 unit of local government.

35 "(3) Exemptions. Property belonging to the State, counties, and municipal corporations
36 shall be exempt from taxation. The General Assembly may exempt cemeteries and property
37 held for educational, scientific, literary, cultural, charitable, or religious purposes, and, to a
38 value not exceeding \$300, any personal property. The General Assembly may exempt from
39 taxation not exceeding \$1,000 in value of property held and used as the place of residence of
40 the owner. Every exemption shall be on a State-wide basis and shall be made by general law
41 uniformly applicable in every county, city and town, and other unit of local government. No
42 taxing authority other than the General Assembly may grant exemptions, and the General
43 Assembly shall not delegate the powers accorded to it by this subsection.

44 "(4) Special tax areas. Subject to the limitations imposed by Section 4, the General
45 Assembly may enact general laws authorizing the governing body of any county, city, or town
46 to define territorial areas and to levy taxes within those areas, in addition to those levied
47 throughout the county, city, or town, in order to finance, provide, or maintain services,
48 facilities, and functions in addition to or to a greater extent than those financed, provided, or
49 maintained for the entire county, city, or town.

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51 or town, special district, or other unit of local government to levy taxes on property, except for

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2 approved by a majority of the qualified voters of the unit who vote thereon.

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4 there shall be allowed the following minimum exemptions, to be deducted from the amount of
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6 widow or widower having minor child or children, natural or adopted, not less than \$2,000; to
7 all other persons not less than \$1,000; and there may be allowed other deductions, not including
8 living expenses, so that only net incomes are taxed.

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16 purposes:

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19 (c) to borrow in anticipation of the collection of taxes due and payable within the
20 current fiscal year to an amount not exceeding 50 per cent of such taxes;
21 (d) to suppress riots or insurrections, or to repel invasions;
22 (e) to meet emergencies immediately threatening the public health or safety, as
23 conclusively determined in writing by the Governor;
24 (f) for any other lawful purpose, to the extent of two-thirds of the amount by which
25 the State's outstanding indebtedness shall have been reduced during the next
26 preceding biennium.

27 "(2) Gift or loan of credit regulated. The General Assembly shall have no power to give
28 or lend the credit of the State in aid of any person, association, or corporation, except a
29 corporation in which the State has a controlling interest, unless the subject is submitted to a
30 direct vote of the people of the State, and is approved by a majority of the qualified voters who
31 vote thereon.

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36 or private corporation.

37 "(4) Certain debts barred. The General Assembly shall never assume or pay any debt or
38 obligation, express or implied, incurred in aid of insurrection or rebellion against the United
39 States. Neither shall the General Assembly assume or pay any debt or bond incurred or issued
40 by authority of the Convention of 1868, the special session of the General Assembly of 1868,
41 or the General Assemblies of 1868-69 and 1869-70, unless the subject is submitted to the
42 people of the State and is approved by a majority of all the qualified voters at a referendum
43 held for that sole purpose.

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51 authorities, and agencies of local government.

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21 support of rebellion or insurrection against the United States.

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23 city or town, special district, or other unit, authority, or agency of local government borrows
24 money. A pledge of faith and credit within the meaning of this Section is a pledge of the taxing
25 power. A loan of credit within the meaning of this Section occurs when a county, city or town,
26 special district, or other unit, authority, or agency of local government exchanges its obligations
27 with or in any way guarantees the debts of an individual, association, or private corporation.

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29 be construed to invalidate or impair the obligation of any bond, note, or other evidence of
30 indebtedness outstanding or authorized for issue as of July 1, 1973.

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37 which the sinking fund has been created, except that these funds may be invested as authorized
38 by law.

39 "(2) Retirement funds. Neither the General Assembly nor any public officer, employee,
40 or agency shall use or authorize to be used any part of the funds of the Teachers' and State
41 Employees' Retirement System or the Local Governmental Employees' Retirement System for
42 any purpose other than retirement system benefits and purposes, administrative expenses, and
43 refunds; except that retirement system funds may be invested as authorized by law, subject to
44 the investment limitation that the funds of the Teachers' and State Employees' Retirement
45 System and the Local Governmental Employees' Retirement System shall not be applied,
46 diverted, loaned to, or used by the State, any State agency, State officer, public officer, or
47 public employee.

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49 "(1) State treasury. No money shall be drawn from the State Treasury but in consequence
50 of appropriations made by law, and an accurate account of the receipts and expenditures of
51 State funds shall be published annually.

1 "(2) Local treasury. No money shall be drawn from the treasury of any county, city or
2 town, or other unit of local government except by authority of law.

3 **Sec. 8. General laws defined.** Whenever the General Assembly is directed or authorized by
4 this Article to enact general laws, or general laws uniformly applicable throughout the State, or
5 general laws uniformly applicable in every county, city or town, and other unit of local
6 government, no special or local act shall be enacted concerning the subject matter directed or
7 authorized to be accomplished by general or uniformly applicable laws, and every amendment
8 or repeal of any law relating to such subject matter shall also be general and uniform in its
9 effect throughout the State. General laws may be enacted for classes denoted by population or
10 other criteria. General laws uniformly applicable throughout the State shall be made applicable
11 without classification or exception in every unit of local government of like kind, such as every
12 county, or every city and town, but need not be made applicable in every unit of local
13 government in the State. General laws uniformly applicable in every county, city and town, and
14 other unit of local government shall be made applicable without classification or exception in
15 every unit of local government in the State. The General Assembly may at any time repeal any
16 special, local, or private act.

17 **Sec. 9. Merged or consolidated counties.** Any unit of local government formed by the
18 merger or consolidation of a county or counties and the cities and towns therein shall be
19 deemed both a county and a city for the purposes of this Article, and may exercise any
20 authority conferred by law on counties, or on cities and towns, or both, as the General
21 Assembly may provide."

22 **Sec. 3.** The amendment set out in Sections 1 and 2 of this Act shall be submitted to
23 the qualified voters of the State at the next general election. That election shall be conducted
24 under the laws then governing elections in this State.

25 **Sec. 4.** At that election, each qualified voter presenting himself to vote shall be
26 provided a ballot on which shall be printed the following:

27 " FOR constitutional amendment revising those portions of the present or
28 proposed State Constitution concerning State and local finance."

29 " AGAINST constitutional amendment revising those portions of the present
30 or proposed State Constitution concerning State and local finance."

31 Those qualified voters favoring the amendment set out in Sections 1 and 2 of this Act shall vote
32 by marking an X or a check mark in the square beside the statement beginning "FOR", and
33 those qualified voters opposed to that amendment shall vote by marking an X or a check mark
34 in the square beside the statement beginning "AGAINST".

35 **Sec. 5.** If a majority of the votes cast thereon are in favor of the amendment set out
36 in Sections 1 and 2 of this Act, and if a majority of the votes cast thereon are in favor of the
37 revision and amendment submitted to the qualified voters by An Act to Revise and Amend the
38 Constitution of North Carolina, then the Governor shall certify the amendment set out in
39 Section 1 of this Act to the Secretary of State, who shall enroll that amendment so certified
40 among the permanent records of his office, and that amendment shall take effect as an
41 amendment to the revised and amended Constitution of North Carolina on July 1, 1973.

42 **Sec. 6.** If a majority of the votes cast thereon are in favor of the amendment set out
43 in Sections 1 and 2 of this Act, and if a majority of the votes cast thereon are against the
44 revision and amendment submitted to the qualified voters by An Act to Revise and Amend the
45 Constitution of North Carolina, then the Governor shall certify the amendment set out in
46 Section 2 of this Act to the Secretary of State, who shall enroll that amendment so certified
47 among the permanent records of his office, and that amendment shall take effect as an
48 amendment to the present Constitution of North Carolina on July 1, 1973.

49 **Sec. 7.** If a majority of the votes cast thereon are in favor of the amendment
50 submitted to the qualified voters by An Act to Amend the Constitution of North Carolina to
51 Authorize the General Assembly To Fix the Personal Exemptions for Income Tax Purposes,

1 and if a majority of the votes cast thereon are in favor of the amendment set out in Sections 1
2 and 2 of this Act, then Article V, Sec. 2(6), as set forth in Sections 1 and 2 of the former Act
3 shall take precedence over and constitute an amendment of Article V, Sec. 2(6), as set forth in
4 Sections 1 and 2 of this Act, and this Act shall not amend or repeal Article V, Sec. 2(6) in any
5 manner.

6 **Sec. 8.** All laws and clauses of laws in conflict with this Act are repealed.

7 **Sec. 9.** This Act shall take effect upon its ratification.

8 In the General Assembly read three times and ratified, this the 2nd day of July,
9 1969.