

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 502

Short Title: County Sales Tax for Schools.

(Public)

Sponsors: Representatives Owens; Adams, Alexander, Beall, Berry, Black, Bowen, Braswell, Brawley, J. Brown, W. Brown, Buchanan, Cansler, Carpenter, Church, Clary, Cocklereece, Crawford, Culp, Cummings, Davis, Dickson, Earle, Easterling, Fox, Gamble, Gardner, Hightower, Hill, Howard, H. Hunter, Hurley, Ives, Justus, Lee, Lemmond, Locke, McAllister, McMahan, Mercer, Nichols, Oldham, Pate, Preston, Ramsey, Reynolds, Richardson, Rogers, Sexton, Shaw, Snowden, Sutton, Tallent, Tolson, Wainwright, Watson, Weatherly, Wilkins, G. Wilson, Womble, Wright, and Yongue.

Referred to: Finance.

March 20, 1995

1 A BILL TO BE ENTITLED
 2 AN ACT TO AUTHORIZE COUNTIES TO LEVY AN ADDITIONAL SALES AND
 3 USE TAX OF ONE PERCENT, IF APPROVED BY THE VOTERS OF THE
 4 COUNTY, FOR PUBLIC SCHOOL CONSTRUCTION.

5 The General Assembly of North Carolina enacts:

6 Section 1. Subchapter VIII of Chapter 105 of the General Statutes is amended
 7 by adding a new Article to read:

8 **"ARTICLE 43.**

9 **"SECOND ONE-CENT (1¢) LOCAL GOVERNMENT**
 10 **SALES AND USE TAX.**

11 **"§ 105-505. Short title.**

12 This Article shall be known as the Second One-Cent (1¢) Local Government Sales
 13 and Use Tax Act.

1 **"§ 105-506. Purpose.**

2 This Article gives the counties of this State an opportunity to obtain a temporary
3 source of revenue with which to meet their growing financial needs. It provides all
4 counties of the State that are subject to this Article with authority to levy one percent
5 (1%) sales and use taxes.

6 **"§ 105-507. Limitations.**

7 This Article applies only to counties that levy the first one-cent (1¢) sales and use tax
8 under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, the
9 first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the
10 second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter.

11 **"§ 105-508. County election on adoption of tax.**

12 The board of commissioners of a county may direct the county board of elections to
13 conduct an advisory referendum on the question of whether a local sales and use tax at
14 the rate of one percent (1%) will be levied in accordance with this Article. The election
15 shall be held on a date jointly agreed upon by the two boards and shall be held in
16 accordance with the procedures of G.S. 163-287.

17 The form of the question to be presented on a ballot for a special election concerning
18 the levy of the taxes authorized by this Article shall be: 'FOR one percent (1%) local
19 sales and use taxes in addition to the current two percent (2%) local sales and use taxes'
20 'AGAINST one percent (1%) local sales and use taxes in addition to the current two
21 percent (2%) local sales and use taxes.'

22 **"§ 105-509. Levy and collection of additional taxes.**

23 If the majority of those voting in a referendum held pursuant to this Article vote for
24 the levy of the tax, the board of commissioners of the county may levy one percent (1%)
25 local sales and use taxes in addition to any other State and local sales and use taxes levied
26 pursuant to law. Except as provided in this Article, the adoption, levy, collection,
27 distribution, administration, and repeal of these additional taxes shall be in accordance
28 with Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter
29 to this Article, references to 'this Article' mean 'Article 43 of Chapter 105 of the General
30 Statutes'.

31 **"§ 105-510. Distribution and use of additional taxes.**

32 (a) Distribution. – The Secretary shall, on a quarterly basis, distribute the net
33 proceeds of the sales and use taxes levied under this Article to the taxing counties on a
34 per capita basis according to the most recent annual population estimates certified to the
35 Secretary by the State Budget Officer. If any taxes levied under this Article by a county
36 have not been collected in that county for a full quarter because of the levy or repeal of
37 the taxes, the Secretary shall distribute a pro rata share to that county for that quarter
38 based on the number of months the taxes were collected in that county during the quarter.

39 (b) Use. – A county may use the net proceeds distributed to it under this Article
40 only for public school building capital outlay projects including the planning,
41 construction, reconstruction, enlargement, improvement, repair, or renovation of public
42 school buildings, for the purchase of land for public school buildings, or to retire debt
43 incurred for these purposes.

1 (c) Waiver. – The Local Government Commission may, upon petition by a county,
2 authorize a county to use part or all of its tax revenue for any lawful purpose. The
3 petition shall be in the form of a resolution adopted by the board of county
4 commissioners and shall be transmitted to the Local Government Commission. The
5 petition shall demonstrate that the county can provide for its public school capital needs
6 without restricting the use of part or all of the net proceeds of the tax levied under this
7 Article for this purpose.

8 In making its decision, the Local Government Commission shall consider information
9 contained in the petition concerning not only the public school needs, but also the other
10 capital needs of the petitioning county. The Commission may also consider information
11 from sources other than the petition. The Commission shall issue a written decision on
12 each petition stating the findings of the Commission concerning the public school capital
13 needs of the petitioning county and the percentage of revenue otherwise restricted by this
14 section that may be used by the petitioning county for any lawful purpose.

15 Decisions of the Commission allowing counties to use part or all of their tax revenue
16 for any lawful purpose are final and shall continue in effect for 10 years. A county whose
17 petition is denied, in whole or in part, by the Commission or whose waiver has expired
18 may subsequently submit a new petition to the Commission."

19 Sec. 2. The title of Article 39 of Chapter 105 of the General Statutes reads as
20 rewritten:

21 **"ARTICLE 39.**

22 **"FIRST ONE-CENT (1¢) LOCAL GOVERNMENT SALES AND USE TAX."**

23 Sec. 3. G.S. 105-463 reads as rewritten:

24 **"§ 105-463. Short title.**

25 This Article shall be known as the ~~Local~~ First One-Cent (1¢) Local Government
26 Sales and Use Tax Act."

27 Sec. 4. The title of Article 40 of Chapter 105 of the General Statutes reads as
28 rewritten:

29 **"ARTICLE 40.**

30 **"~~SUPPLEMENTAL~~ FIRST ONE-HALF-CENT (1/2¢) LOCAL GOVERNMENT**
31 **SALES**
32 **AND USE TAXES. TAX."**

33 Sec. 5. G.S. 105-480 reads as rewritten:

34 **"§ 105-480. Short title.**

35 This Article shall be known as the ~~Supplemental~~ First One-Half-Cent (1/2¢) Local
36 Government Sales and Use Tax Act."

37 Sec. 6. The title of Article 42 of Chapter 105 of the General Statutes reads as
38 rewritten:

39 **"ARTICLE 42.**

40 **"~~ADDITIONAL SUPPLEMENTAL~~ SECOND ONE-HALF-CENT (1/2¢) LOCAL**
41 **GOVERNMENT SALES AND USE TAXES. TAX."**

42 Sec. 7. G.S. 105-495 reads as rewritten:

43 **"§ 105-495. Short title.**

1 This Article shall be known as the ~~Additional Supplemental~~ Second One-Half-Cent
2 (1/2¢) Local Government Sales and Use Tax Act."

3 Sec. 8. This act is effective upon ratification.

4 Sec. 9. A tax levied under Article 43 of Chapter 105 of the General Statutes,
5 as enacted by this act, does not apply to construction materials purchased to fulfill a lump
6 sum or unit price contract entered into or awarded before the effective date of the levy or
7 entered into or awarded pursuant to a bid made before the effective date of the levy when
8 the construction materials would otherwise be subject to the tax levied under Article 34
9 of Chapter 105 of the General Statutes.