

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1654

Short Title: Lee Local Sales Tax.

(Local)

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Sponsors: Representatives Cox and Davis (Primary Sponsors).

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Referred to: Rules, Calendar, and Operations of the House.

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May 23, 2000

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE LEE COUNTY TO LEVY A ONE-CENT LOCAL SALES  
2 AND USE TAX FOR PUBLIC SCHOOL CAPITAL OUTLAY PURPOSES AND  
3 COMMUNITY COLLEGE PLANT FUND PURPOSES, IF APPROVED BY THE  
4 VOTERS OF THE COUNTY.  
5

6 The General Assembly of North Carolina enacts:

7 Section 1. This act applies to Lee County only.

8 Section 2. Subchapter VIII of Chapter 105 of the General Statutes is amended  
9 by adding a new Article to read:

10 **“ARTICLE 44.**

11 **“SECOND ONE-CENT (1¢) LOCAL GOVERNMENT SALES AND USE TAX.**

12  
13 **“§ 105-515. Short title.**

14 This Article is the Second One-Cent (1¢) Local Government Sales and Use Tax Act.

15 **“§ 105-516. Limitations.**

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

20 **“§ 105-517. Levy.**

1 (a) Authority. – If the majority of those voting in a referendum held pursuant to  
2 this Article vote for the levy of the taxes, the board of commissioners of the county may,  
3 by resolution, levy one percent (1%) local sales and use taxes in addition to any other  
4 State and local sales and use taxes levied pursuant to law.

5 (b) Vote. – The board of commissioners of a county may direct the county board  
6 of elections to conduct an advisory referendum on the question of whether to levy local  
7 one percent (1%) sales and use taxes in the county as provided in this Article. The  
8 election shall be held on a date jointly agreed upon by the two boards and shall be held in  
9 accordance with the procedures of G.S. 163-287.

10 (c) Ballot Question. – The form of the question to be presented on a ballot for a  
11 special election concerning the levy of the taxes authorized by this Article shall be:

12 **‘[] FOR [] AGAINST**  
13 one percent (1%) local sales and use taxes, in addition to the current two percent (2%)  
14 local sales and use taxes, to be used only for public school capital projects or community  
15 college capital projects.’

16 **"§ 105-518. Administration.**

17 Except as provided in this Article, the adoption, levy, collection, administration, and  
18 repeal of the additional taxes authorized by this Article shall be in accordance with  
19 Article 39 of this Chapter.

20 A tax levied under this Article does not apply to the sales price of food that is exempt  
21 from tax pursuant to G.S. 105-164.13B.

22 **"§ 105-519. Expiration.**

23 A tax levied under this Article expires 10 years after the effective date of its levy. A  
24 county's authorization to levy a tax under this Article expires 10 years after the effective  
25 date of the first tax a county levies under this Article, even if the tax has not remained in  
26 effect for the entire 10-year period. The expiration of a tax pursuant to this Article does  
27 not affect the rights or liabilities of a county, a taxpayer, or another person arising under  
28 the expired tax; nor does it affect the right to any refund or credit of a tax that would  
29 otherwise have been available under the expired tax before its expiration.

30 If the Secretary receives a valid request for a refund of a tax levied under this Article  
31 after the tax has expired and the net proceeds have been distributed, the Secretary shall  
32 draw the refund from the taxing county's share of the net proceeds of the tax it levies  
33 under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, as  
34 applicable.

35 **"§ 105-520. Distribution and use.**

36 (a) Distribution. – The Secretary shall, on a quarterly basis, distribute to each  
37 taxing county the net proceeds of the tax collected in that county under this Article. If the  
38 Secretary collects taxes under this Article in a month and the taxes cannot be identified as  
39 being attributable to a particular taxing county, the Secretary shall allocate these taxes  
40 among the taxing counties in proportion to the amount of taxes collected in each county  
41 under this Article in that month and shall include them in the quarterly distribution.

1       (b) Use. – The proceeds of a tax levied under this Article may be used only for  
2 public school capital outlay purposes as defined in G.S. 115C-426(f) or for community  
3 college plant fund purposes as defined in G.S. 115D-32.

4       (c) Nonsupplant Restriction. – It is the purpose of this Article for counties to  
5 appropriate funds generated under this Article to increase the level of county spending for  
6 public school capital outlay and community college plant funds above the level of  
7 spending before the levy of the tax authorized in this Article. A county that levies a tax  
8 under this Article must continue to spend for public school capital outlay purposes in its  
9 local school administrative units and for the community college plant fund the same  
10 amount of money it would have spent for those purposes if it had not levied the tax."

11               Section 3. A tax levied under Article 44 of Chapter 105 of the General  
12 Statutes, as enacted by this act, does not apply to construction materials purchased to  
13 fulfill a lump-sum or unit-price contract entered into or awarded before the effective date  
14 of the levy or entered into or awarded pursuant to a bid made before the effective date of  
15 the levy when the construction materials would otherwise be subject to the tax levied  
16 under Article 44 of Chapter 105 of the General Statutes.

17               Section 4. This act is effective when it becomes law.