

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 713

Short Title: Rowan Local Sales Tax. (Local)

Sponsors: Representatives McCombs and Coates (Primary Sponsors) (By Request).

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

March 21, 2001

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE ROWAN COUNTY TO LEVY A TEMPORARY, ONE-CENT LOCAL SALES TAX FOR PUBLIC SCHOOL CAPITAL OUTLAY, IF APPROVED BY THE VOTERS OF THE COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. This act applies only to Rowan County.

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

"Article 44.

"Second One-Cent (1¢) Local Government Sales and Use Tax.

"§ 105-515. Short title.

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

"§ 105-516. Purpose.

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

"§ 105-517. Limitations.

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

"§ 105-518. County election on adoption of tax.

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

(b) Vote. – The board of commissioners of a county may, by resolution, after 10 days' public notice and a public hearing on the question, direct the county board of elections to conduct an advisory referendum on the question of whether a temporary local sales and use tax at the rate of one percent (1%) will be levied in accordance with this Article. The election must be on a date jointly agreed upon by the two boards and must be held in accordance with the procedures of G.S. 163-287.

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

' [] FOR [] AGAINST

temporary one percent (1%) local sales and use taxes, in addition to the current local sales and use taxes, to be used only for public school capital projects.'

"§ 105-519. Administration.

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

"§ 105-520. Distribution and use of tax.

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

(b) Use. – A county may use the proceeds of a tax levied under this Article only for public school capital outlay purposes as defined in G.S. 115C-426(f) or to retire any indebtedness incurred by the county for these purposes.

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

"§ 105-521. Expiration.

A tax levied under this Article expires seven years after the effective date of its levy. A county's authority to levy a tax under this Article expires seven years after the effective date of its levy of a tax under this Article. The expiration of a tax pursuant to this Article does not affect the rights or liabilities of the county, a taxpayer, or another person arising under the expired tax before the effective date of its expiration; nor does it affect the right to any refund or credit of a tax that would otherwise have been available under the expired tax before the effective date of its expiration.

If the Secretary receives a valid request for a refund of a tax levied under this Article after the tax has expired and the net proceeds have been distributed, the Secretary shall

1 draw the refund from the taxing county's share of the net proceeds of the tax it levies
2 under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, as
3 applicable."

4 **SECTION 3.** A tax levied under Article 44 of Chapter 105 of the General
5 Statutes, as enacted by this act, does not apply to construction materials purchased to
6 fulfill a lump-sum or unit-price contract entered into or awarded before the effective
7 date of the levy or entered into or awarded pursuant to a bid made before the effective
8 date of the levy when the construction materials would otherwise be subject to the tax
9 levied under Article 44 of Chapter 105 of the General Statutes.

10 **SECTION 4.** This act is effective when it becomes law.