

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE DRH50479-LYx-163 (3/12)

Short Title: Local Fiscal Modernization. (Public)

Sponsors: Representatives Carney and Barnhart (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR ADDITIONAL LOCAL REVENUE OPTIONS AND  
3 TO MAKE OTHER CHANGES THAT PROMOTE FISCAL MODERNIZATION.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Chapter 105 of the General Statutes is amended by adding a  
6 new Subchapter to read:

7 **"SUBCHAPTER X. LOCAL OPTION COUNTY TAXES.**

8 "Article 60.

9 "Local Government Occupancy Tax.

10 "**§ 105-600. Short title.**

11 This Article is the Local Government Occupancy Tax Act.

12 "**§ 105-601. Definitions.**

13 The following definitions apply in this Article:

14 (1) City. – Defined in G.S. 153A-1.

15 (2) Taxing unit. – A city or a county.

16 "**§ 105-602. Levy.**

17 (a) Authority. – If the majority of those voting in a referendum held pursuant to  
18 this Article vote for the levy of the tax, the governing body of a taxing unit may, by  
19 resolution, levy a local occupancy tax up to the rate approved in the referendum. The  
20 tax applies to the gross receipts derived from the rental of any room, lodging, or  
21 accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within  
22 the taxing unit that is subject to sales tax imposed by the State under  
23 G.S. 105-164.4(a)(3). The tax is in addition to any State or local sales tax.

24 (b) Vote. – The governing body of a taxing unit may direct the county board of  
25 elections to conduct an advisory referendum on the question of whether to levy a local  
26 occupancy tax in the taxing unit as provided in this Article. The election shall be held

1 on a date jointly agreed upon by the governing body and the board of elections and shall  
2 be held in accordance with the procedures of G.S. 163-287.

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

5 [ ] FOR [ ] AGAINST

6 [X] percent (X%) local occupancy tax, in addition to the current local sales  
7 and use taxes.'

8 (d) Effect on Local Act. – If a taxing unit levies an occupancy tax under this  
9 Article, that taxing unit may not also levy an occupancy tax under a local act. This  
10 section does not repeal any local act authorizing a taxing unit to levy an occupancy tax.  
11 However, a taxing unit's levy of an occupancy tax under this Article automatically  
12 removes the taxing unit's authority to levy an occupancy tax under a local act. Repeal of  
13 a taxing unit's occupancy tax levied under this Article does not revive the taxing unit's  
14 authority to levy an occupancy tax under a local act.

15 **"§ 105-603. Administration.**

16 A tax levied under this Article shall be levied, administered, collected, and repealed  
17 as provided in G.S. 160A-215 in the case of a city and as provided in G.S. 153A-155 in  
18 the case of a county. The penalties provided in G.S. 160A-215 and G.S. 153A-155  
19 apply to a tax levied under this Article."

20 **SECTION 2.** Article 44 of Chapter 105 of the General Statutes, and any tax  
21 levied under that Article, is repealed.

22 **SECTION 3.** G.S. 105-269.14(b) reads as rewritten:

23 "(b) Distribution. – The Secretary must distribute a portion of the net use tax  
24 proceeds collected under this section to counties and cities. The portion to be distributed  
25 to all counties and cities is the total net use tax proceeds collected under this section  
26 multiplied by a fraction. The numerator of the fraction is the local use tax proceeds  
27 collected under this section. The denominator of the fraction is the total use tax  
28 proceeds collected under this section. The Secretary must distribute this portion to the  
29 counties and cities in proportion to their total distributions under Articles 39, 40, 42, 43,  
30 and-44 46 of this Chapter and Chapter 1096 of the 1967 Session Laws for the most  
31 recent period for which data are available. The provisions of G.S. 105-472, 105-486,  
32 and 105-501105-501, 105-510, and 105-531 do not apply to tax proceeds distributed  
33 under this section."

34 **SECTION 4.** G.S. 105-164.4(a) reads as rewritten:

35 "(a) A privilege tax is imposed on a retailer at the following percentage rates of  
36 the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is  
37 four and one-half percent (4%)-(4.5%).

38 ...."

39 **SECTION 5.** G.S. 108A-54 reads as rewritten:

40 **"§ 108A-54. Authorization of Medical Assistance Program.**

41 The Department is ~~authorized and empowered to~~ may establish a Medical Assistance  
42 Program from ~~federal, State and county~~ federal and State appropriations and to adopt  
43 rules and regulations under which payments are to be made in accordance with the  
44 provisions of this Part. ~~The nonfederal share may be divided between the State and the~~

1 counties, in a manner consistent with the provisions of the federal Social Security Act,  
2 except that the share required from the counties may not exceed the share required from  
3 the state. If a portion of the nonfederal share is required from the counties, the boards of  
4 county commissioners of the several counties shall levy, impose and collect the taxes  
5 required for the special purpose of medical assistance as provided in this Part, in an  
6 amount sufficient to cover each county's share of such assistance."

7 **SECTION 6.** G.S. 105-113.5 reads as rewritten:

8 "**§ 105-113.5. Tax on cigarettes.**

9 A tax is levied on the sale or possession for sale in this State, by a distributor, of all  
10 cigarettes at the rate of ~~one-three~~ and three-fourths cents (~~1.75¢~~)(3.75¢) per individual  
11 cigarette."

12 **SECTION 7.(a)** G.S. 20-97 reads as rewritten:

13 "(b) General Municipal Vehicle Tax. – Cities and towns may levy a tax of not  
14 more than ~~five dollars (\$5.00)~~twenty dollars (\$20.00) per year upon any vehicle resident  
15 in the city or town. The proceeds of the tax may be used for any lawful purpose."

16 **SECTION 7.(b)** This section does not affect the validity of any local act that  
17 authorizes a city or town to levy the tax authorized under G.S. 20-97 at a rate higher  
18 than twenty dollars (\$20.00).

19 **SECTION 8.** Section 1 of this act is effective when it becomes law;  
20 however, a tax levied under Article 60 of Chapter 105 of the General Statutes, as  
21 enacted by Section 1 of this act, may not become effective before July 1, 2007. Section  
22 3 of this act is effective for taxable years beginning on or after January 1, 2008. The  
23 remainder of this act becomes effective July 1, 2007.