

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 442

Short Title: Seasonally-Adjusted LOST Distrib./Carteret. (Local)

Sponsors: Representative McElraft.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Local Government, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House

March 30, 2021

A BILL TO BE ENTITLED

AN ACT TO ALLOW CARTERET COUNTY TO USE A SEASONALLY-ADJUSTED TOTAL POPULATION FIGURE FOR PURPOSES OF USING THE PER CAPITA METHOD OF LOCAL SALES TAX DISTRIBUTION.

The General Assembly of North Carolina enacts:

SECTION 1. This act applies only to Carteret County.

SECTION 2. G.S. 105-472 reads as rewritten:

"§ 105-472. Disposition and distribution of taxes collected.

...

(b) Distribution Between Counties and Cities. – The Secretary shall divide the amount allocated to each taxing county among the county and its municipalities in accordance with the method determined by the county. The board of county commissioners shall, by resolution, choose one of the following methods of distribution:

(1) Seasonally-Adjusted Per Capita Method. – The net proceeds of the tax collected in a taxing county shall be distributed to that county and to the municipalities in the county on a per capita basis according to the total population of the taxing county, plus the total population of the municipalities in the county. ~~In the case of a municipality located in more than one county, only that part of its population living in the taxing county is considered its "total population".~~ In order to make the distribution, the Secretary shall determine a per capita figure by dividing the amount allocated to each taxing county by the total population of that county plus the total population of all municipalities in the county. The Secretary shall then multiply this per capita figure by the total population of the taxing county and by the total population of each municipality in the county; each respective product shall be the amount to be distributed to the county and to each municipality in the county. The term "total population" means the permanent population plus the seasonal population. To determine the permanent population of each county and each municipality, the Secretary shall use the most recent annual estimate of population certified by the State Budget Officer. To determine the seasonal population of each county and each municipality in the county, the Secretary shall use the estimates provided by a county in the resolution adopted and delivered to the Secretary in accordance with this subsection. A county shall annually estimate the seasonal population of the county and each municipality



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1 in the county based on the number of (i) rental properties, including beach
2 houses, duplexes, condominiums, townhomes, and mobile homes; (ii) rooms
3 in hotels, motels, or bed and breakfast establishments; and (iii) campsites,
4 multiplied by the average maximum capacity for each type of accommodation
5 rental, plus an estimate of guests of permanent residents. A county must keep
6 a record of the methodology, calculations, and sources of data used in
7 determining the seasonal population estimates for three years, which may be
8 subject to inspection by the Secretary.

9 (2) Ad Valorem Method. – The net proceeds of the tax collected in a taxing county
10 shall be distributed to that county and the municipalities in the county in
11 proportion to the total amount of ad valorem taxes levied by each on property
12 having a tax situs in the taxing county during the fiscal year next preceding
13 the distribution. For purposes of this section, the amount of the ad valorem
14 taxes levied by a county or municipality includes ad valorem taxes levied by
15 the county or municipality in behalf of a taxing district and collected by the
16 county or municipality. In addition, the amount of taxes levied by a county
17 includes ad valorem taxes levied by a merged school administrative unit
18 described in G.S. 115C-513 in the part of the unit located in the county. In
19 computing the amount of tax proceeds to be distributed to each county and
20 municipality, the amount of any ad valorem taxes levied but not substantially
21 collected shall be ignored. Each county and municipality receiving a
22 distribution of the proceeds of the tax levied under this Article shall in turn
23 immediately share the proceeds with each district in behalf of which the
24 county or municipality levied ad valorem taxes in the proportion that the
25 district levy bears to the total levy of the county or municipality. Any county
26 or municipality that fails to provide the Department of Revenue with
27 information concerning ad valorem taxes levied by it adequate to permit a
28 timely determination of its appropriate share of tax proceeds collected under
29 this Article may be excluded by the Secretary from each monthly distribution
30 with respect to which the information was not provided in a timely manner,
31 and those tax proceeds shall then be distributed only to the remaining counties
32 or municipalities, as appropriate. For the purpose of computing the
33 distribution of the tax under this subsection to any county and the
34 municipalities located in the county for any month with respect to which the
35 property valuation of a public service company is the subject of an appeal and
36 the Department of Revenue is restrained by law from certifying the valuation
37 to the county and the municipalities in the county, the Department shall use
38 the last property valuation of the public service company that has been
39 certified.

40 The board of county commissioners in each taxing county shall, by resolution adopted during
41 the month of April of each year, determine which of the two foregoing methods of distribution
42 shall be in effect in the county during the next succeeding fiscal year. In order for the resolution
43 to be effective, a certified copy of it must be delivered to the Secretary in Raleigh within 15
44 calendar days after its ~~adoption~~-adoption and, if choosing the method in subdivision (1) of this
45 subsection, must also include the seasonally-adjusted total population estimates for the county
46 and each of the municipalities in the county, which are final and not subject to review. If the
47 board fails to adopt a resolution choosing a method of distribution not then in effect in the county,
48 fails to update the seasonal population estimates, or if a certified copy of the resolution is not
49 timely delivered to the Secretary, the method of distribution and previous seasonal population
50 estimates then in effect in the county shall continue in effect for the following fiscal year. The

1 method of distribution in effect on the first of July of each fiscal year shall apply to every
2 distribution made during that fiscal year.

3"

4 **SECTION 3.** For the first fiscal year that a county elects the seasonally-adjusted per
5 capita method of distribution of its allocation of local sales and use tax, the Secretary may retain
6 the Department's cost of administering the tax as determined by the Secretary, not to exceed
7 seventy-five thousand dollars (\$75,000), from the county's allocation of tax as reimbursement to
8 the Department in addition to all other costs of collecting and administering the tax that are
9 deducted from the gross proceeds of the tax in accordance with G.S. 105-472(a).

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