

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 136  
Senate Finance Committee Substitute Adopted 6/22/93  
Third Edition Engrossed 6/24/93

Short Title: Local Sales Tax For Schools.

(Public)

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Sponsors:

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Referred to:

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February 11, 1993

A BILL TO BE ENTITLED

1 AN ACT TO EXTEND FOR AN ADDITIONAL FIVE YEARS THE  
2 REQUIREMENT THAT COUNTIES USE PART OF THE TWO HALF-CENT  
3 LOCAL SALES TAX PROCEEDS ONLY FOR PUBLIC SCHOOL BUILDINGS  
4 AND TO CLARIFY THE PROCEDURE BY WHICH A LOCAL GOVERNMENT  
5 MAY USE THE TAX PROCEEDS FOR OTHER LAWFUL PURPOSES IF IT  
6 CAN PROVIDE FOR ITS PUBLIC SCHOOL AND WATER AND SEWAGE  
7 CAPITAL NEEDS WITHOUT RESTRICTING THE TAX PROCEEDS.  
8

9 The General Assembly of North Carolina enacts:

10 Section 1. G.S. 105-487(a) reads as rewritten:

11 "(a) Except as provided in subsection (c), forty percent (40%) of the revenue  
12 received by a county from additional one-half percent (1/2%) sales and use taxes levied  
13 under this Article during the first five fiscal years in which the additional taxes are in  
14 effect in the county and thirty percent (30%) of the revenue received by a county from  
15 these taxes in the ~~second five~~ next 10 fiscal years in which the taxes are in effect in the  
16 county may be used by the county only for public school capital outlay purposes or to  
17 retire any indebtedness incurred by the county for these purposes."

18 Sec. 2. G.S. 105-502(a) reads as rewritten:

19 "(a) Sixty percent (60%) of the revenue received by a county under this Article  
20 during the first ~~16~~ 16 fiscal years in which the tax is in effect may be used by the county  
21 only for public school capital outlay purposes or to retire any indebtedness incurred by

1 the county for these purposes during the period beginning five years prior to the date the  
2 taxes took effect."

3 Sec. 3. G.S. 105-487(c) reads as rewritten:

4 "(c) The Local Government Commission may, upon petition by a county or  
5 municipality, authorize a county or municipality to use part or all its tax revenue,  
6 otherwise required by subsection (a) or (b) to be used for public schools or water and  
7 sewage capital needs, for any lawful purpose. The petition shall be in the form  
8 ~~prescribed by~~ of a resolution adopted by the City Council or Board of County  
9 Commissioners and transmitted to the Local Government Commission and Commission.  
10 The petition shall demonstrate that the county or municipality can provide for its public  
11 school or water and sewage capital needs without restricting the use of part or all of the  
12 designated amount of the additional one-half percent (1/2%) sales and use tax revenue  
13 for these purposes.

14 In making its decision, the Local Government Commission ~~may~~ shall consider  
15 information contained in the petition concerning not only the public school or water and  
16 sewage capital needs, but also the other capital needs of the petitioning county or  
17 municipality. The Commission may also consider information from sources other than  
18 the petition. The Commission shall issue a written decision on each petition stating the  
19 findings of the Commission concerning the public school or water and sewage capital  
20 needs of the petitioning county or municipality and the percentage of revenue otherwise  
21 restricted by subsection (a) or (b) that may be used by the petitioning county or  
22 municipality for any lawful purpose.

23 Decisions of the Commission allowing counties or municipalities to use a percentage  
24 of their tax revenue that would otherwise be restricted under subsection (a) or (b) for  
25 any lawful purpose are final and shall continue in effect until the restrictions imposed by  
26 those subsections expire. A county or municipality whose petition is denied, in whole  
27 or in part, by the Commission may subsequently submit a new petition to the  
28 Commission."

29 Sec. 4. G.S. 105-502(b) reads as rewritten:

30 "(b) The Local Government Commission may, upon petition by a county,  
31 authorize a county to use part or all of its tax revenue, otherwise required by subsection  
32 (a) to be used for public school capital outlay purposes, for any lawful purpose. The  
33 petition shall be in the form ~~prescribed by~~ of a resolution adopted by the Board of  
34 County Commissioners and transmitted to the Local Government Commission and  
35 Commission. The petition shall demonstrate that the county can provide for its public  
36 school capital needs without restricting the use of part or all of the designated amount of  
37 the additional one-half percent (1/2%) sales and use tax revenue for these purposes.

38 In making its decision, the Local Government Commission ~~may~~ shall consider  
39 information in the petition concerning not only the public school capital needs but also  
40 the other capital needs of the petitioning county. The Commission may consider  
41 information from sources other than the petition. The Commission shall issue a written  
42 decision on each petition stating the findings of the Commission concerning the public  
43 school capital needs of the petitioning county and the percentage of revenue otherwise

1 restricted by subsection (a) that may be used by the petitioning county for any lawful  
2 purpose.

3 Decisions of the Commission allowing counties to use a percentage of their tax  
4 revenue that would otherwise be restricted under subsection (a) for any lawful  
5 purpose are final and shall continue in effect until the restrictions imposed by those  
6 subsections expire. A county whose petition is denied, in whole or in part, by the  
7 Commission may subsequently submit a new petition to the Commission."

8 Sec. 5. G.S. 105-504(b) reads as rewritten:

9 "(b) The Local Government Commission may, upon petition by a municipality,  
10 authorize a municipality to use part or all its tax revenue, otherwise required by  
11 subsection (a) to be used for water and sewage capital needs, for any lawful purpose.  
12 The petition shall be in the form ~~prescribed by~~ of a resolution adopted by the City  
13 Council and transmitted to the Local Government Commission and Commission. The  
14 petition shall demonstrate that the municipality can provide for its water and sewage  
15 capital needs without restricting the use of part or all of the designated amount of the  
16 additional one-half percent (1/2%) sales and use tax revenue for these purposes.

17 In making its decision, the Local Government Commission ~~may~~ shall consider  
18 information in the petition concerning not only the water and sewage capital needs but  
19 also the other capital needs of the petitioning municipality. The Commission may  
20 consider information from sources other than the petition. The Commission shall issue a  
21 written decision on each petition stating the findings of the Commission concerning the  
22 water and sewage capital needs of the petitioning municipality and the percentage of  
23 revenue otherwise restricted by subsection (a) that may be used by the petitioning  
24 municipality for any lawful purpose.

25 Decisions of the Commission allowing municipalities to use a percentage of their tax  
26 revenue that would otherwise be restricted under subsection (a) for any lawful  
27 purpose are final and shall continue in effect until the restriction imposed by that  
28 subsection expires. A municipality whose petition is denied, in whole or in part, by the  
29 Commission may subsequently submit a new petition to the Commission."

30 Sec. 6. This act becomes effective July 1, 1993.