

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 53

Short Title: Rowan 1% Sales Tax/Schools.

(Local)

Sponsors: Representatives McCombs and Gardner (Primary Sponsors).

Referred to: Finance.

February 10, 1999

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

1 first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the
2 second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter.

3 **"§ 105-518. County election on adoption of tax.**

4 (a) Resolution. – The board of commissioners of a county may, by resolution, after
5 10 days' public notice and a public hearing on the question, direct the county board of
6 elections to conduct an advisory referendum on the question of whether a temporary local
7 sales and use tax at the rate of one percent (1%) will be levied in accordance with this
8 Article. The election must be on a date jointly agreed upon by the two boards and must
9 be held in accordance with the procedures of G.S. 163-287.

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

13 **[] FOR [] AGAINST**

14 temporary one percent (1%) local sales and use taxes, in addition to the current two
15 percent (2%) local sales and use taxes, to be used only for public school capital projects.

16 **"§ 105-519. Levy and collection of tax.**

17 If the majority of those voting in a referendum held pursuant to this Article vote for
18 the levy of the tax, the board of commissioners of the county may, by resolution, levy one
19 percent (1%) local sales and use taxes in addition to any other State and local sales and
20 use taxes levied pursuant to law. Except as provided in this Article, the adoption, levy,
21 collection, administration, and repeal of these additional taxes shall be in accordance with
22 Article 39 of this Chapter.

23 **"§ 105-520. Distribution and use of tax.**

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

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

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

39 **"§ 105-521. Expiration.**

40 A tax levied under this Article expires seven years after the effective date of its levy.
41 A county's authority to levy a tax under this Article expires seven years after the effective
42 date of its levy of a tax under this Article. The expiration of a tax pursuant to this Article
43 does not affect the rights or liabilities of the county, a taxpayer, or another person arising

1 under the expired tax before the effective date of its expiration; nor does it affect the right
2 to any refund or credit of a tax that would otherwise have been available under the
3 expired tax before the effective date of its expiration."

4 Section 3. This act is effective when it becomes law.

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