

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 440

Short Title: Alexander Local Sales Tax. (Local)

Sponsors: Senator Garwood.

Referred to: Finance.

March 9, 2005

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE ALEXANDER COUNTY TO LEVY A ONE-CENT
LOCAL SALES AND USE TAX FOR CAPITAL OUTLAY PURPOSES.

The General Assembly of North Carolina enacts:

SECTION 1. This act applies to Alexander County only.

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

"Article 46.

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

§ 105-535. Short title.

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

§ 105-536. Limitations.

This Article applies only to counties that levy the first one-cent (1¢) local 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, the second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter, and the third one-half cent (1/2¢) local sales and use tax under Article 44 of this Chapter.

§ 105-537. Levy of tax.

(a) After Vote. – If a majority of those voting in a special election held pursuant to this Article vote for the levy of the taxes in a county, the board of commissioners of a 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) Without Vote. – If the question of whether to levy taxes under this Article has not been defeated in a special election held in the county within two years, the board of commissioners of a 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. Before adopting a resolution under this subsection, the board of commissioners

1 must give at least 10 days' public notice of its intent to adopt the resolution and must
2 hold a public hearing on the issue of adopting the resolution.

3 **"§ 105-538. County election on adoption of tax.**

4 (a) Resolution. – The board of commissioners of a county may direct the county
5 board of elections to conduct a special election on the question of whether to levy local
6 one percent (1%) sales and use taxes in the county as provided in this Article. The
7 election must be held on a date jointly agreed upon by the two boards and must be held
8 in accordance with the procedures of G.S. 163-287.

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

12 [] FOR [] AGAINST

13 One percent (1%) local sales and use taxes, in addition to all current State and
14 local sales and use taxes.'

15 **"§ 105-539. Administration.**

16 Except as provided in this Article, the adoption, levy, collection, administration, and
17 repeal of the additional taxes authorized by this Article shall be in accordance with
18 Article 39 of this Chapter. A tax levied under this Article does not apply to the sales
19 price of food that is exempt from tax pursuant to G.S. 105-164.13B.

20 **"§ 105-540. Distribution and use of taxes.**

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

28 (b) Use. – The proceeds of a tax levied under this Article may be used only for
29 capital outlay and infrastructure improvements or to retire indebtedness incurred by the
30 county for these purposes.

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

37 **SECTION 3.** A tax levied under Article 46 of Chapter 105 of the General
38 Statutes, as enacted by this act, does not apply to construction materials purchased to
39 fulfill a lump-sum or unit-price contract entered into or awarded before the effective
40 date of the levy or entered into or awarded pursuant to a bid made before the effective
41 date of the levy when the construction materials would otherwise be subject to the tax
42 levied under Article 46 of Chapter 105 of the General Statutes.

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