

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 136  
Senate Finance Committee Substitute Adopted 6/22/93

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 TEN YEARS THE REQUIREMENT  
2 THAT COUNTIES USE PART OF THE TWO HALF-CENT LOCAL SALES TAX  
3 PROCEEDS ONLY FOR PUBLIC SCHOOL BUILDINGS AND TO CLARIFY  
4 THE PROCEDURE BY WHICH A LOCAL GOVERNMENT MAY USE THE  
5 TAX PROCEEDS FOR OTHER LAWFUL PURPOSES IF IT CAN PROVIDE  
6 FOR ITS PUBLIC SCHOOL AND WATER AND SEWAGE CAPITAL NEEDS  
7 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 15 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 ~~4~~ 21 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  
22 the county for these purposes during the period beginning five years prior to the date the  
23 taxes took effect."

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

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

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

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

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

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

36           In making its decision, the Local Government Commission ~~may~~ shall consider  
37 information in the petition concerning not only the public school capital needs but also  
38 the other capital needs of the petitioning county. The Commission may consider  
39 information from sources other than the petition. The Commission shall issue a written  
40 decision on each petition stating the findings of the Commission concerning the public  
41 school capital needs of the petitioning county and the percentage of revenue otherwise  
42 restricted by subsection (a) that may be used by the petitioning county for any lawful  
43 purpose.

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

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

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

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

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

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