

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 594  
Finance Committee Substitute Adopted 8/26/97

Short Title: Local Sales Tax for Schools.

(Local)

Sponsors:

Referred to:

April 1, 1997

A BILL TO BE ENTITLED  
AN ACT TO AUTHORIZE CERTAIN COUNTIES TO LEVY ONE-CENT LOCAL  
SALES AND USE TAXES FOR PUBLIC SCHOOL BUILDINGS.

The General Assembly of North Carolina enacts:

Section 1. This act applies to Cabarrus, Cumberland, Franklin, and Johnston  
Counties only.

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.**

**"§ 105-525. Short title.**

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

**"§ 105-526. 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  
first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the  
second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter.

**"§ 105-527. Levy of tax.**

1       The board of commissioners of a county may, by resolution, levy one percent (1%)  
2 local sales and use taxes in addition to any other State and local sales and use taxes levied  
3 pursuant to law. Before adopting a resolution under this section, the board of  
4 commissioners must give at least 10 days' public notice of its intent to adopt the  
5 resolution and must hold a public hearing on the issue of adopting the resolution.

6 **"§ 105-528. Administration of taxes.**

7       Except as provided in this Article, the adoption, levy, collection, administration, and  
8 repeal of the additional taxes authorized by this Article shall be in accordance with  
9 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this  
10 Article, references to 'this Article' mean 'Article 44 of Chapter 105 of the General  
11 Statutes'.

12       A tax levied under this Article does not apply to the sales price of food that is not  
13 otherwise exempt from tax pursuant to G.S. 105-164.13 but would be exempt from the  
14 State sales and use tax pursuant to G.S. 105-164.13 if it were purchased with coupons  
15 issued under the Food Stamp Program, 7 U.S.C. § 51.

16 **"§ 105-529. Expiration.**

17       A tax levied under this Article expires 10 years after the effective date of its levy. A  
18 county's authorization to levy a tax under this Article expires 10 years after the effective  
19 date of the first tax a county levies under this Article, even if the tax has not remained in  
20 effect for the entire 10-year period. The expiration of a tax pursuant to this Article does  
21 not affect the rights or liabilities of a county, a taxpayer, or another person arising under  
22 the expired tax; nor does it affect the right to any refund or credit of a tax that would  
23 otherwise have been available under the expired tax before its expiration.

24 **"§ 105-530. Distribution and use of taxes.**

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

31       (b) Use. – The proceeds of a tax levied under this Article may be used only for  
32 public school capital outlay purposes or to retire debt incurred by the county for these  
33 purposes after January 1, 1997."

34       Section 3. A tax levied under Article 44 of Chapter 105 of the General  
35 Statutes, as enacted by this act, does not apply to construction materials purchased to  
36 fulfill a lump sum or unit price contract entered into or awarded before the effective date  
37 of the levy or entered into or awarded pursuant to a bid made before the effective date of  
38 the levy when the construction materials would otherwise be subject to the tax levied  
39 under Article 44 of Chapter 105 of the General Statutes.

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