

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 502
Committee Substitute Favorable 6/19/95

Short Title: County Sales Tax for Schools.

(Public)

Sponsors:

Referred to:

March 20, 1995

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE COUNTIES TO LEVY AN ADDITIONAL SALES AND
USE TAX OF ONE PERCENT, IF APPROVED BY THE VOTERS OF THE
COUNTY, FOR PUBLIC SCHOOL CONSTRUCTION.

The General Assembly of North Carolina enacts:

Section 1. Subchapter VIII of Chapter 105 of the General Statutes is amended
by adding a new Article to read:

"ARTICLE 43.

**"SECOND ONE-CENT (1¢) LOCAL GOVERNMENT
SALES AND USE TAX.**

"§ 105-505. Short title.

This Article shall be known as the Second One-Cent (1¢) Local Government Sales
and Use Tax Act.

"§ 105-506. Purpose.

This Article gives the counties of this State an opportunity to obtain a source of
revenue with which to meet their growing financial 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.

"§ 105-507. Limitations.

1 This Article applies only to counties that levy the first one-cent (1¢) sales and use tax
2 under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, the
3 first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the
4 second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter.

5 **"§ 105-508. County election on adoption of tax.**

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

11 The form of the question to be presented on a ballot for a special election concerning
12 the levy of the taxes authorized by this Article shall be: 'FOR one percent (1%) local
13 sales and use taxes in addition to the current two percent (2%) local sales and use taxes'
14 'AGAINST one percent (1%) local sales and use taxes in addition to the current two
15 percent (2%) local sales and use taxes'.

16 **"§ 105-509. Levy and collection of additional taxes.**

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 levy one percent (1%)
19 local sales and use taxes in addition to any other State and local sales and use taxes levied
20 pursuant to law. Except as provided in this Article, the adoption, levy, collection,
21 distribution, administration, and repeal of these additional taxes shall be in accordance
22 with Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter
23 to this Article, references to 'this Article' mean 'Article 43 of Chapter 105 of the General
24 Statutes'.

25 **"§ 105-510. Distribution and use of additional taxes.**

26 (a) Distribution. – The Secretary shall, on a quarterly basis, distribute the net
27 proceeds of the sales and use taxes levied under this Article to the taxing counties on a
28 per capita basis according to the most recent annual population estimates certified to the
29 Secretary by the State Planning Officer. If any taxes levied under this Article by a county
30 have not been collected in that county for a full quarter because of the levy or repeal of
31 the taxes, the Secretary shall distribute a pro rata share to that county for that quarter
32 based on the number of months the taxes were collected in that county during the quarter.

33 (b) Use. – A county may use the net proceeds distributed to it under this Article
34 only for public school building capital outlay projects including the planning,
35 construction, reconstruction, enlargement, improvement, repair, or renovation of public
36 school buildings, for the purchase of land for public school buildings, or to retire debt
37 incurred for these purposes."

38 Sec. 2. The title of Article 39 of Chapter 105 of the General Statutes reads as
39 rewritten:

40 **"ARTICLE 39.**

41 **"FIRST ONE-CENT (1¢) LOCAL GOVERNMENT SALES AND USE TAX."**

42 Sec. 3. G.S. 105-463 reads as rewritten:

43 **"§ 105-463. Short title.**

1 This Article shall be known as the ~~Local~~ First One-Cent (1¢) Local Government
2 Sales and Use Tax Act."

3 Sec. 4. The title of Article 40 of Chapter 105 of the General Statutes reads as
4 rewritten:

5 **"ARTICLE 40.**
6 **~~SUPPLEMENTAL~~ FIRST ONE-HALF-CENT (1/2¢) LOCAL GOVERNMENT**
7 **SALES**
8 **AND USE TAXES. TAX."**

9 Sec. 5. G.S. 105-480 reads as rewritten:

10 **"§ 105-480. Short title.**

11 This Article shall be known as the ~~Supplemental~~ First One-Half-Cent (1/2¢) Local
12 Government Sales and Use Tax Act."

13 Sec. 6. The title of Article 42 of Chapter 105 of the General Statutes reads as
14 rewritten:

15 **"ARTICLE 42.**
16 **~~ADDITIONAL SUPPLEMENTAL~~ SECOND ONE-HALF-CENT (1/2¢) LOCAL**
17 **GOVERNMENT SALES AND USE TAXES. TAX."**

18 Sec. 7. G.S. 105-495 reads as rewritten:

19 **"§ 105-495. Short title.**

20 This Article shall be known as the ~~Additional Supplemental~~ Second One-Half-Cent
21 (1/2¢) Local Government Sales and Use Tax Act."

22 Sec. 8. This act is effective upon ratification.

23 Sec. 9. A tax levied under Article 43 of Chapter 105 of the General Statutes,
24 as enacted by this act, does not apply to construction materials purchased to fulfill a lump
25 sum or unit price contract entered into or awarded before the effective date of the levy or
26 entered into or awarded pursuant to a bid made before the effective date of the levy when
27 the construction materials would otherwise be subject to the tax levied under Article 43
28 of Chapter 105 of the General Statutes.