

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1467

Short Title: Voters Must Approve Taxes.

(Public)

Sponsors: Representative Wood.

Referred to: Rules, Calendar and Operations of the House.

May 12, 1999

A BILL TO BE ENTITLED

1 AN ACT TO AMEND THE CONSTITUTION OF NORTH CAROLINA TO REQUIRE
2 VOTER APPROVAL BEFORE MOST TAXES MAY BE LEVIED OR
3 INCREASED, EXCEPT IN THE CASE OF AN EMERGENCY DECLARED BY
4 THE GOVERNOR.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. Section 5 of Article III of the North Carolina Constitution is
8 amended by adding a new subsection to read:

9 "(12) Tax emergency. The Governor may declare that a state of emergency exists
10 necessitating the enactment of an emergency law levying a tax upon the people of the
11 State without the prior approval of the people of the State, as provided in Section 2(1a) of
12 Article V. Such a state of emergency may not exceed a period of two years."

13 Section 2. Section 2 of Article V of the North Carolina Constitution reads as
14 rewritten:

15 "Sec. 2. State and local taxation.

16 (1) Power of taxation. The power of taxation shall be exercised in a just and
17 equitable manner, for public purposes only, and shall never be surrendered, suspended, or
18 contracted away.

19 (1a) Voter approval required for State taxes. Except as provided in this subsection
20 for emergency taxes, no law levying a tax upon the people of the State may become

1 effective unless it is first approved by a majority of the qualified voters of the State who
2 vote on the question, except that approval by the qualified voters of the State is not
3 required for a law that repeals a specific tax exemption or a law that authorizes one or
4 more local taxing units to levy a tax.

5 If the Governor declares that a state of emergency exists necessitating the enactment
6 of an emergency law levying a tax upon the people of the State, the General Assembly
7 may enact such a law, which may become effective without first being approved by the
8 people of the State. Such an emergency tax law may not remain in effect for more than
9 two years unless it is approved by the people of the State during the two-year period after
10 it becomes effective.

11 (2) Classification. Only the General Assembly shall have the power to classify
12 property for taxation, which power shall be exercised only on a State-wide basis and shall
13 not be delegated. No class of property shall be taxed except by uniform rule, and every
14 classification shall be made by general law uniformly applicable in every county, city and
15 town, and other unit of local government.

16 (3) Exemptions. Property belonging to the State, counties, and municipal
17 corporations shall be exempt from taxation. The General Assembly may exempt
18 cemeteries and property held for educational, scientific, literary, cultural, charitable, or
19 religious purposes, and, to a value not exceeding \$300, any personal property. The
20 General Assembly may exempt from taxation not exceeding \$1,000 in value of property
21 held and used as the place of residence of the owner. Every exemption shall be on a
22 State-wide basis and shall be made by general law uniformly applicable in every county,
23 city and town, and other unit of local government. No taxing authority other than the
24 General Assembly may grant exemptions, and the General Assembly shall not delegate
25 the powers accorded to it by this subsection.

26 (4) Special tax areas. Subject to the limitations imposed by Section 4, the General
27 Assembly may enact general laws authorizing the governing body of any county, city, or
28 town to define territorial areas and to levy taxes within those areas, in addition to those
29 levied throughout the county, city, or town, in order to finance, provide, or maintain
30 services, facilities, and functions in addition to or to a greater extent than those financed,
31 provided, or maintained for the entire county, city, or town.

32 (5) Purposes of property tax. The General Assembly shall not authorize any
33 county, city or town, special district, or other unit of local government to levy taxes on
34 property, except for purposes authorized by general law uniformly applicable throughout
35 the State, unless the tax is approved by a majority of the qualified voters of the unit who
36 vote thereon.

37 (5a) Levy of other local taxes. Except as provided in Section 2(5) of this Article,
38 the General Assembly shall not authorize any unit of local government to levy taxes
39 unless the tax is approved by a majority of the qualified voters of the unit who vote on the
40 question.

41 (6) Income tax. The rate of tax on incomes shall not in any case exceed ten
42 percent, and there shall be allowed personal exemptions and deductions so that only net
43 incomes are taxed.

1 (7) Contracts. The General Assembly may enact laws whereby the State, any
2 county, city or town, and any other public corporation may contract with and appropriate
3 money to any person, association, or corporation for the accomplishment of public
4 purposes only."

5 Section 3. Section 23 of Article II of the North Carolina Constitution reads as
6 rewritten:

7 "**Sec. 23. Revenue bills.** No law shall be enacted to raise money on the credit of the
8 State, or to pledge the faith of the State directly or indirectly for the payment of any debt,
9 or to impose any tax upon the people of the State, or to allow the counties, cities, or
10 towns to do so, unless the bill for the purpose ~~shall have~~ has been read three several times
11 in each house of the General Assembly and passed three several readings, which readings
12 ~~shall must~~ have been on three different days, and ~~shall have been~~ agreed to by each house
13 respectively, and unless the yeas and nays on the second and third readings of the bill
14 ~~shall have~~ been entered on the journal. No laws to impose any tax upon the people of the
15 State shall become effective unless any applicable voter approval requirements of Section
16 2(1a) of Article V have been satisfied."

17 Section 4. The amendments set out in Sections 1 through 3 of this act shall be
18 submitted to the qualified voters of the State at the general election in November 2000.
19 The election shall be conducted under the laws then governing elections in the State.
20 Ballots, voting systems, or both may be used in accordance with Chapter 163 of the
21 General Statutes. The question to be used in the voting systems and ballots shall be:

22 " FOR AGAINST

23 Constitutional amendments requiring that most new taxes and tax increases must be
24 approved by the voters, except in the case of an emergency declared by the Governor."

25 Section 5. If a majority of votes cast on the question are in favor of the
26 amendments set out in Sections 1 through 3 of this act, the State Board of Elections shall
27 certify the amendments to the Secretary of State. The Secretary of State shall enroll the
28 amendments so certified among the permanent records of that office. If approved, the
29 amendments set out in Sections 1 through 3 of this act become effective January 1, 2001,
30 and apply to taxes authorized or levied on or after that date. If a tax has been authorized
31 by a vote of the people of the taxing unit before the effective date of this act, an
32 additional vote is not required.

33 Section 6. This act is effective when it becomes law.