

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1632

Short Title: Sales Tax Changes/Medicaid.

(Public)

Sponsors: Representatives Tucker; Gibson and Goodwin.

Referred to: Finance.

June 13, 2002

A BILL TO BE ENTITLED

AN ACT TO REMOVE THE SUNSET ON THE ADDITIONAL ONE-HALF CENT
STATE SALES AND USE TAX AND TO REDUCE THE COUNTY SHARE OF
MEDICAID.

The General Assembly of North Carolina enacts:

SECTION 1. Section 34.13(c) of S.L. 2001-424 reads as rewritten:

"SECTION 34.13.(c) This section becomes effective October 16, 2001, and applies to sales made on or after that date. ~~This section is repealed effective for sales made on or after July 1, 2003.~~ This section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this section before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal."

SECTION 2.(a) Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-164.44G. Transfer to the Department of Health and Human Services for Medicaid.

At the end of each quarter, the Secretary must transfer to the Department of Health and Human Services an amount equal to the estimated amount of tax proceeds generated by one-half cent (1/2¢) of the general State sales and use tax during that quarter. The Department of Health and Human Services shall use funds transferred under this section to reduce the county share of the nonfederal share of medical assistance payments. To the extent that funds transferred under this section exceed the county share of the nonfederal share of medical assistance payments, the Department of Health and Human Services shall use these funds for the State share of the nonfederal share of medical assistance payments."

SECTION 2.(b) G.S. 108A-87 is amended by adding a new subsection to read:

1 "(a1) Notwithstanding the provisions of subsection (a) of this section, the county
2 share of the nonfederal share of medical assistance payments shall not exceed fifteen
3 percent (15%) of the total nonfederal share of medical assistance payments. The county
4 share of medical assistance payments shall be further reduced by the funds transferred
5 to the Department of Health and Human Services under G.S. 105-164.44G."

6 **SECTION 2.(c)** This section becomes effective July 1, 2003.

7 **SECTION 3.** Except as otherwise provided in this act, this act is effective
8 when it becomes law.