

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 87*

Short Title: Local Sales Tax/Harnett and Cumberland. (Local)

Sponsors: Senators Harris and Rand.

Referred to: Finance.

February 7, 2001

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE HARNETT AND CUMBERLAND COUNTIES TO
LEVY ONE-CENT LOCAL SALES AND USE TAX FOR PUBLIC SCHOOL
BUILDINGS AND PUBLIC SCHOOL CURRENT EXPENSES AND FOR
WATER AND SEWER CAPITAL OUTLAY PROJECTS.

The General Assembly of North Carolina enacts:

SECTION 1. This act applies to Cumberland and Harnett 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.

(a) After Vote. – If the majority of those voting in a referendum held pursuant to this Article vote for the levy of the taxes, the board of commissioners of the county may, by resolution, levy one percent (1%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law.

(b) Without Vote. – If the question of whether to levy taxes under this Article has not been defeated in a referendum held in the county, the board of commissioners of the county may, by resolution, levy one percent (1%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law. Before adopting a resolution under this subsection, the board of commissioners must give at least 10 days'

1 public notice of its intent to adopt the resolution and must hold a public hearing on the
2 issue of adopting the resolution.

3 **"§ 105-528. County election on adoption of tax.**

4 (a) Resolution. – The board of commissioners of a county may direct the county
5 board of elections to conduct an advisory referendum on the question of whether to levy
6 temporary local one percent (1%) sales and use taxes in the county as provided in this
7 Article. The election shall be held on a date jointly agreed upon by the two boards and
8 shall be held in accordance with the procedures of G.S. 163-287.

9 (b) Ballot Question. – The form of the question to be presented on a ballot for a
10 special election concerning the levy of the taxes authorized by this Article shall be:

11 FOR AGAINST

12 one percent (1%) local sales and use taxes, in addition to the current two percent (2%)
13 local sales and use taxes, to be used only for public school capital projects and public
14 school current expenses and for water and sewer capital outlay purposes.'

15 **"§ 105-529. Administration.**

16 Except as provided in this Article, the adoption, levy, collection, administration, and
17 repeal of the additional taxes authorized by this Article shall be in accordance with
18 Article 39 of this Chapter.

19 **"§ 105-530. Expiration.**

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

27 If the Secretary receives a valid request for a refund of a tax levied under this Article
28 after the tax has expired and the net proceeds have been distributed, the Secretary shall
29 draw the refund from the taxing county's share of the net proceeds of the tax it levies
30 under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, as
31 applicable.

32 **"§ 105-531. Distribution and use.**

33 (a) Distribution. – The Secretary shall, on a quarterly basis, distribute to each
34 taxing county the net proceeds of the tax collected in that county under this Article. If
35 the Secretary collects taxes under this Article in a month and the taxes cannot be
36 identified as being attributable to a particular taxing county, the Secretary shall allocate
37 these taxes among the taxing counties in proportion to the amount of taxes collected in
38 each county under this Article in that month and shall include them in the quarterly
39 distribution.

40 (b) Use. – The proceeds of a tax levied under this Article may be used only for
41 one or more of the following three purposes:

- 42 (1) Public school capital outlay purposes as defined in G.S. 115C-426(f)
43 or to retire debt incurred by the county for these purposes.
- 44 (2) Public school current expenses as defined in G.S. 115C-426(e).

1 (3) Water and sewer capital outlay projects.

2 (c) Nonsupplant Restriction. – It is the purpose of this Article for counties to
3 appropriate funds generated under this Article to increase the level of county spending
4 for the purposes set forth in subsection (b) of this section above the level of spending
5 before the levy of the tax authorized in this Article. A county that levies a tax under this
6 Article must continue to spend for those purposes the same amount of money it would
7 have spent for those purposes if it had not levied the tax."

8 **SECTION 3.** A tax levied under Article 44 of Chapter 105 of the General
9 Statutes, as enacted by this act, does not apply to construction materials purchased to
10 fulfill a lump-sum or unit-price contract entered into or awarded before the effective
11 date of the levy or entered into or awarded pursuant to a bid made before the effective
12 date of the levy when the construction materials would otherwise be subject to the tax
13 levied under Article 44 of Chapter 105 of the General Statutes.

14 **SECTION 4.** This act is effective when it becomes law.