

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 518

Short Title: Local Choice: 1-Year 1¢ Sales Tax/Vote.

(Public)

---

Sponsors: Senators Perdue; Ballantine, Rand, and Shaw of Cumberland.

---

Referred to: Finance.

---

March 26, 1997

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE EACH COUNTY OF THE STATE TO LEVY A  
TEMPORARY ONE CENT LOCAL SALES TAX FOR A PERIOD OF ONE YEAR,  
IF APPROVED BY THE VOTERS OF THE COUNTY.

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 temporary  
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 for a period of up to one year.

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

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

13 **[ ] FOR [ ] AGAINST**

14 temporary one percent (1%) local sales and use taxes, in addition to the current two  
15 percent (2%) local sales and use taxes, for a period of one year.

16 **"§ 105-509. Levy and collection of 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, by resolution, levy one  
19 percent (1%) local sales and use taxes in addition to any other State and local sales and  
20 use taxes levied pursuant to law. Except as provided in this Article, the adoption, levy,  
21 collection, administration, and repeal of these additional taxes shall be in accordance with  
22 Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this  
23 Article, references to 'this Article' mean 'Article 43 of Chapter 105 of the General  
24 Statutes'.

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

26 The Secretary shall, on a quarterly basis, allocate the net proceeds of the tax levied  
27 under this Article to the taxing counties on a per capita basis according to the most recent  
28 annual population estimates certified to the Secretary by the State Budget Officer. The  
29 amount allocated to each taxing county shall then be divided among the county and its  
30 municipalities in accordance with the method by which the one percent (1%) sales and  
31 use taxes levied in that county pursuant to Article 39 of this Chapter or Chapter 1096 of  
32 the 1967 Session Laws are distributed. If any taxes levied under this Article by a county  
33 have not been collected in that county for a full quarter because of the levy or repeal of  
34 the taxes, the Secretary shall distribute a pro rata share to that county for that quarter  
35 based on the number of months the taxes were collected in that county during the quarter.

36 The proceeds of a tax levied under this Article may be used for any lawful public  
37 purpose.

38 **"§ 105-511. Expiration.**

39 A tax levied under this Article expires one year after the effective date of its levy. A  
40 county's authority to levy a tax under this Article expires one year after the effective date  
41 of its levy of a tax under this Article. The expiration of a tax pursuant to this Article does  
42 not affect the rights or liabilities of the county, a taxpayer, or another person arising

- 1 under the expired tax; nor does it affect the right to any refund or credit of a tax that  
2 would otherwise have been available under the expired tax before its expiration."  
3           Section 2. This act is effective when it becomes law.