

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 61

Short Title: Increase Intangibles Reimbursement. (Public)

Sponsors: Representatives Mitchell; Morris, Davis, and Russell.

Referred to: Finance.

February 7, 2001

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE INTANGIBLES TAX REIMBURSEMENT TO LOCAL GOVERNMENTS AND MODIFY THE DISTRIBUTION FORMULA.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-275.2 reads as rewritten:

"§ 105-275.2. Reimbursement to counties and municipalities for repeal of State tax on intangible personal property.

(a) ~~Reimbursement for Repeal of Tax on Money on Deposit, Money on Hand, and Funds on Deposit with Insurance Companies. Allocation to Counties.~~ - On or before August 30 of each year, the Secretary of Revenue must allocate the sum of one hundred thirty million dollars (\$130,000,000) among the counties. Each year, a percentage of this amount must be allocated among the counties on a per capita basis according to the most recent annual population estimates certified to the Secretary by the State Planning Officer, and a percentage of this amount must be allocated among the counties in proportion to the amount each county received under this section in 2000. The applicable percentage for each year is provided in the following table:

<u>Year</u>	<u>Per Capita Percentage</u>	<u>2000 Percentage</u>
<u>2001</u>	<u>20</u>	<u>80</u>
<u>2002</u>	<u>40</u>	<u>60</u>
<u>2003</u>	<u>60</u>	<u>40</u>
<u>2004</u>	<u>80</u>	<u>20</u>
<u>2005</u>	<u>100</u>	<u>0</u>

~~shall allocate to each county the amount allocated to the county under this subsection in 1990.~~

(a1) ~~Reimbursement for Partial Repeal of Tax on Accounts Receivable.— On or before August 30 of each year, the Secretary of Revenue shall allocate to counties an amount equal to forty percent (40%) of the tax collected on accounts receivable under~~

1 former Article 7 of this Chapter (repealed) during the 1989-90 fiscal year. The Secretary
2 shall allocate this amount among the counties in proportion to the amount allocated to
3 each county under former G.S. 105-213 (repealed) in August 1994.

4 (a2) ~~Reimbursement for Repeal of Tax on Accounts Receivable, Bonds, Stocks,
5 and Foreign Trust Interests. — On or before August 30 of each year, the Secretary of
6 Revenue shall allocate to counties the sum of ninety five million three hundred thirty
7 one thousand nine hundred twenty seven dollars (\$95,331,927). The Secretary shall
8 allocate this amount among the counties in proportion to the amount allocated to each
9 county under former G.S. 105-213 (repealed) in August 1994.~~

10 (a3) ~~Distribution Between County and Its Municipalities. - The amounts allocated
11 to each county under this section shall be allocated between the county and the
12 municipalities in the county in proportion to the total amount of ad valorem taxes levied
13 by each during the fiscal year preceding the distribution. In dividing these amounts
14 between each county and its municipalities, the Secretary of Revenue shall treat taxes
15 levied by a merged school administrative unit described in G.S. 115C-513 in a part of
16 the unit located in a county as taxes levied by the county in which that part is located.~~

17 After making these allocations, the Secretary shall certify to the State Controller and
18 to the State Treasurer the amount to be distributed to each county and municipality in
19 the State. The State Controller shall then issue a warrant on the State Treasurer to each
20 county and municipality in the amount certified.

21 For the purpose of computing the distribution to any county and the municipalities
22 located in the county for any year with respect to which the property valuation of a
23 public service company is the subject of an appeal and the Department of Revenue is
24 restrained by law from certifying the valuation to the county and the municipalities in
25 the county, the Department shall use the last property valuation of the public service
26 company that has been certified.

27 The chair of each board of county commissioners and the mayor of each
28 municipality shall report to the Secretary of Revenue information requested by the
29 Secretary to enable the Secretary to allocate the amount distributed by this section. If a
30 county or municipality fails to make a requested report within the time allowed, the
31 Secretary may disregard the county or municipality in allocating the amount distributed
32 by this section.

33 (b) ~~Restrictions on Use. - The amount distributed to each county and
34 municipality shall be used by the county or municipality in proportion to property tax
35 levies made by it for the various funds and activities of the county or municipality,
36 unless the county or municipality has pledged the amount to be distributed to it under
37 this section in payment of a loan agreement with the North Carolina Solid Waste
38 Management Capital Projects Financing Agency. A county or municipality that has
39 pledged amounts distributed under this section in payment of a loan agreement with the
40 Agency may apply the amount the loan agreement requires.~~

41 (c) ~~Repealed by Session Laws 1995, c. 41, s. 3.~~

42 (d) ~~Source. - Funds distributed under this section shall be drawn from collections
43 received under Part 2 of Article 4 of this Chapter.~~

1 (e) **(Expires September 1, 2002)** Reduction. - Each year, on or before July 15,
 2 the governing body of each county and each municipality shall notify the Secretary of
 3 the amount of taxes it collected in the preceding fiscal year from taxes on intangible
 4 personal property discovered on or after January 1, 1997, for taxable years beginning on
 5 or after July 1, 1991. The Secretary shall reduce the amount allocated to each county
 6 and municipality for distribution the following August by the amount the county or
 7 municipality reports pursuant to this subsection. If the Secretary discovers that a county
 8 or municipality failed to report any taxes as required by this subsection, the Secretary
 9 shall reduce the county or municipality's next distribution under this section by ten
 10 percent (10%).

11 (f) **(Expires September 1, 2003)** Additional Reduction. - Each year, on or
 12 before July 15, the governing body of each county and each municipality shall notify
 13 the Secretary of the amount of taxes it collected in the preceding fiscal year from taxes
 14 on qualified retirement facility property, as defined in G.S. 105-278.6A, discovered on
 15 or after January 1, 1998, for taxable years beginning on or after July 1, 1992. The
 16 Secretary shall reduce the amount allocated to each county and municipality for
 17 distribution the following August by one hundred ten percent (110%) of the amount the
 18 county or municipality reports pursuant to this subsection."

19 **SECTION 2.** G.S. 105-275.2(a), as amended by Section 1 of this act, reads
 20 as rewritten:

21 "(a) Allocation to Counties. - On or before August 30 of each year, the Secretary
 22 of Revenue must allocate the sum of one hundred thirty million dollars (\$130,000,000)
 23 among the counties. ~~Each year, a percentage of this amount must be allocated among~~
 24 ~~the counties on a per capita basis according to the most recent annual population~~
 25 ~~estimates certified to the Secretary by the State Planning Officer. Officer and a~~
 26 ~~percentage of this amount must be allocated among the counties in proportion to the~~
 27 ~~amount each county received under this section in 2000. The applicable percentage for~~
 28 ~~each year is provided in the following table:~~

Year	Per Capita Percentage	2000 Percentage
2001	20	80
2002	40	60
2003	60	40
2004	80	20
2005	100	0"

36 **SECTION 3.** Section 2 of this act becomes effective July 1, 2005. The
 37 remainder of this act becomes effective July 1, 2001.