

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH10019-LYxz-19 (1/4)

Short Title: Local Option Sales Tax for Education. (Public)

Sponsors: Representatives Yongue, Johnson, Jones, Lucas (Primary Sponsors);
Alexander, Barnhart, Bell, Carney, Coleman, England, Folwell, Goforth,
Hall, Howard, Pierce, Wainwright, West, Wilkins, Williams, and Wray.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE COUNTIES TO LEVY ONE-HALF CENT LOCAL
SALES AND USE TAXES FOR PUBLIC SCHOOL CAPITAL OUTLAY
PURPOSES, IF APPROVED BY THE VOTERS OF THE COUNTIES.

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 46.

"Fourth One-Half Cent (1/2¢) Local Government Sales and Use Tax.

"§ 105-535. Short title.

This Article is the Fourth One-Half Cent (1/2¢) Local Government Sales and Use Tax Act.

"§ 105-536. Limitations.

This Article applies only to counties that levy the first one-cent (1¢) local 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, the second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter, and the third one-half cent (1/2¢) local sales and use tax under Article 44 of this Chapter.

"§ 105-537. Levy.

(a) Authority. – 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-half percent (1/2%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law.

1 (b) Vote. – The board of commissioners of a county may, by resolution, direct
2 the county board of elections to conduct an advisory referendum on the question of
3 whether to levy local one-half percent (1/2%) sales and use taxes in the county as
4 provided in this Article. The election shall be held on a date jointly agreed upon by the
5 two boards and shall be held in accordance with the procedures of G.S. 163-287.

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

8 FOR AGAINST

9 One-half percent (1/2%) local sales and use taxes, in addition to the current
10 local sales and use taxes, to be used only for public school capital outlay purposes.'

11 **"§ 105-538. Administration.**

12 Except as provided in this Article, the adoption, levy, collection, administration, and
13 repeal of the additional taxes authorized by this Article shall be in accordance with
14 Article 39 of this Chapter. A tax levied under this Article does not apply to the sales
15 price of food that is exempt from tax pursuant to G.S. 105-164.13B.

16 **"§ 105-539. Distribution and use.**

17 (a) Distribution. – The Secretary shall, on a monthly basis, distribute to each
18 taxing county the net proceeds of the tax collected in that county under this Article. If
19 the Secretary collects taxes under this Article in a month and the taxes cannot be
20 identified as being attributable to a particular taxing county, the Secretary shall allocate
21 these taxes among the taxing counties in proportion to the amount of taxes collected in
22 each county under this Article in that month and shall include them in the monthly
23 distribution.

24 (b) Use. – Counties may use the proceeds of a tax levied under this Article only
25 for public school capital outlay purposes as defined in G.S. 115C-426(f) and to retire
26 indebtedness incurred by the counties for these purposes on or after January 1, 2003."

27 **SECTION 2.** A tax levied under Article 46 of Chapter 105 of the General
28 Statutes, as enacted by this act, does not apply to construction materials purchased to
29 fulfill a lump-sum or unit-price contract entered into or awarded before the effective
30 date of the levy or entered into or awarded pursuant to a bid made before the effective
31 date of the levy when the construction materials would otherwise be subject to the tax
32 levied under Article 46 of Chapter 105 of the General Statutes.

33 **SECTION 3.** G.S. 105-269.14(b) reads as rewritten:

34 "(b) Distribution. – The Secretary must distribute a portion of the net use tax
35 proceeds collected under this section to counties and cities. The portion to be distributed
36 to all counties and cities is the total net use tax proceeds collected under this section
37 multiplied by a fraction. The numerator of the fraction is the local use tax proceeds
38 collected under this section. The denominator of the fraction is the total use tax
39 proceeds collected under this section. The Secretary must distribute this portion to the
40 counties and cities in proportion to their total distributions under Articles 39, 40, 42, 43,
41 and 4444, 45, and 46 of this Chapter and Chapter 1096 of the 1967 Session Laws for the
42 most recent period for which data are available. The provisions of G.S. 105-472,
43 105-486, and 105-501 105-501, 105-510, 105-520, 105-531, and 105-539 do not apply
44 to tax proceeds distributed under this section."

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