

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS55174-MCx-88 (3/1)

Short Title: Lee County Local Option Sales Tax. (Local)

Sponsors: Senator Atwater.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE LEE COUNTY TO LEVY A ONE-CENT LOCAL SALES
AND USE TAX.

The General Assembly of North Carolina enacts:

SECTION 1. This act applies to Lee County only.

SECTION 2. Subchapter VIII of Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 46.

"Second One-Cent (1¢) Local Government Sales and Use Tax.

"§ 105-535. Short title.

This Article is the Second One-Cent (1¢) 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 of tax.

The board of commissioners of a 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 Article, the board of commissioners must give at least 10 days' public notice of its intent to adopt the resolution and must hold a public hearing on the issue of adopting the resolution.

"§ 105-538. Administration.

Except as provided in this Article, the adoption, levy, collection, administration, and repeal of the additional taxes authorized by this Article shall be in accordance with

1 Article 39 of this Chapter. A tax levied under this Article does not apply to the sales
2 price of food that is exempt from tax pursuant to G.S. 105-164.13B.

3 **"§ 105-539. Distribution and use.**

4 (a) Distribution. – The Secretary shall, on a monthly basis, distribute to each
5 taxing county the net proceeds of the tax collected in that county under this Article. If
6 the Secretary collects taxes under this Article in a month and the taxes cannot be
7 identified as being attributable to a particular taxing county, the Secretary shall allocate
8 these taxes among the taxing counties in proportion to the amount of taxes collected in
9 each county under this Article in that month and shall include them in the monthly
10 distribution.

11 (b) Use. – Counties may use the proceeds of a tax levied under this Article only
12 for public school capital outlay purposes as defined in G.S. 115C-426(f) or for
13 community college plant fund purposes as defined in G.S. 115D-32 and to retire
14 indebtedness incurred by the county for these purposes.

15 (c) Nonsupplant Restriction. – It is the purpose of this Article for counties to
16 appropriate funds generated under this Article to increase the level of county spending
17 for public school capital outlay purposes and community college plant fund purposes
18 above the level of spending before the levy of the tax authorized in this Article. A
19 county that levies a tax under this Article must continue to spend for public school
20 capital outlay and community college plant fund purposes the same amount of money it
21 would have spent for those purposes if it had not levied the tax."

22 **SECTION 3.** A tax levied under Article 46 of Chapter 105 of the General
23 Statutes, as enacted by this act, does not apply to construction materials purchased to
24 fulfill a lump-sum or unit-price contract entered into or awarded before the effective
25 date of the levy or entered into or awarded pursuant to a bid made before the effective
26 date of the levy when the construction materials would otherwise be subject to the tax
27 levied under Article 46 of Chapter 105 of the General Statutes.

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