

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE BILL 568

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

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Sponsors: Senator Atwater.

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Referred to: Finance.

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March 7, 2007

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE LEE COUNTY TO LEVY A ONE-CENT LOCAL SALES  
3 AND USE TAX.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. This act applies to Lee County only.

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

8 "Article 46.

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

10 **§ 105-535. Short title.**

11 This Article is the Second One-Cent (1¢) Local Government Sales and Use Tax Act.

12 **§ 105-536. Limitations.**

13 This Article applies only to counties that levy the first one-cent (1¢) local sales and  
14 use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session  
15 Laws, the first one-half cent (1/2¢) local sales and use tax under Article 40 of this  
16 Chapter, the second one-half cent (1/2¢) local sales and use tax under Article 42 of this  
17 Chapter, and the third one-half cent (1/2¢) local sales and use tax under Article 44 of  
18 this Chapter.

19 **§ 105-537. Levy of tax.**

20 The board of commissioners of a county may, by resolution, levy one percent (1%)  
21 local sales and use taxes in addition to any other State and local sales and use taxes  
22 levied pursuant to law. Before adopting a resolution under this Article, the board of  
23 commissioners must give at least 10 days' public notice of its intent to adopt the  
24 resolution and must hold a public hearing on the issue of adopting the resolution.

25 **§ 105-538. Administration.**

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

1 **"§ 105-539. Distribution and use.**

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

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

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

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

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