

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 813
HOUSE BILL 1142

AN ACT TO MAKE TECHNICAL CHANGES TO THE REVENUE LAWS AND
MACHINERY ACT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-273(8a) reads as rewritten:

"(8a) 'Inventories' means goods held for sale in the regular course of business by manufacturers and retail and wholesale merchants. As to manufacturers, the term includes raw materials, goods in process, and finished goods, as well as other materials or supplies that are consumed in manufacturing or processing, or that accompany and become a part of the sale of the property being sold. The term also includes crops, livestock, poultry, feed used in the production of livestock and poultry, and other agricultural or horticultural products held for sale, whether in process or ready for sale. The term does not include fuel used in manufacturing or processing, nor does it include materials or supplies not used directly in manufacturing or processing. As to retail and wholesale merchants, the term includes, in addition to articles held for sale, packaging materials that accompany and become a part of the sale of the property being sold."

Sec. 2. G.S. 105-273(10a) reads as rewritten:

"(10a) 'Manufacturer' means a taxpayer who is regularly ~~engaged, at a manufacturing or processing plant, mill, or factory in this State,~~ engaged in the mechanical or chemical conversion or transformation of materials or substances into new products for sale. sale or in the growth, breeding, raising, or other production of new products for sale. The term does not include delicatessens, cafes, cafeterias, restaurants, and other similar retailers that are principally engaged in the retail sale of foods prepared by them for consumption on or off their premises."

Sec. 3. G.S. 105-273(13a) reads as rewritten:

"(13a) 'Retail Merchant' means a taxpayer who is regularly engaged in the sale of tangible personal property, acquired by a means other than manufacture, processing, or producing by the merchant, to users or consumers. ~~For the purpose of the classification in G.S. 105-277(i), the term includes a manufacturer who holds property for sale that it did not manufacture or who holds finished goods for sale at a location other than its establishment.~~"

Sec. 4. G.S. 105-273(19) reads as rewritten:

"(19) 'Wholesale Merchant' means a taxpayer who is regularly engaged in the sale of tangible personal property, acquired by a means other than manufacture, processing, or producing by the merchant, to other retail or wholesale merchants for resale or to manufacturers for use as ingredient or component parts of articles being manufactured

for sale. ~~For the purpose of the classification in G.S. 105-277(i), the term includes a manufacturer who holds property for sale that it did not manufacture or who holds finished goods for sale at a location other than its establishment."~~

Sec. 5. G.S. 105-275(1), (4), (9), (10), (11), (22), and (30) are repealed.

Sec. 6. G.S. 105-275(25) reads as rewritten:

"(25) Tangible personal property shipped into this State for the purpose of repair, alteration, maintenance or servicing and reshipment to the owner outside this State. ~~This classification shall not include raw materials, supplies, or goods in process of manufacture in this State."~~

Sec. 7. Effective January 1, 1989, G.S. 105-275.1, as enacted by Chapter 622 of the 1987 Session Laws, reads as rewritten:

"§ 105-275.1. Reimbursement for exclusion of manufacturers' inventories.–(a)

Initial Distribution. On or before January 15, 1989, the governing body of each county and each city shall furnish to the Secretary a list of all the inventories owned by manufacturers that were ~~taxed in 1987 by~~ required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the county or city under this Subchapter. The list shall contain the value of the inventories ~~taxed~~ as well as the property tax rates in effect in the county or city for the eight years from 1980 through 1987. The list shall also contain the property tax rates in effect for those years in each special district ~~or unit of government~~ for which the county or city collected taxes in 1987 but whose tax rates were not included in the rates listed for the county or city, and the value of the inventories ~~taxed~~ owned by manufacturers that were required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in that district or unit. ~~district.~~ The list shall be accompanied by an affidavit attesting to the accuracy of the list and shall be on a form prescribed by the Secretary.

~~Within 60 days after receiving a certified list as required by this subsection,~~ On or before March 20, 1989, the Secretary shall pay to each county and city that submitted a list under this subsection an amount equal to the county or city average rate, as provided below, multiplied by the value of the inventories owned by manufacturers that were ~~taxed in 1987 by~~ required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the county or city, plus or minus the percentage of this product that equals the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce.

~~Within 60 days after receiving a certified list as required by this subsection,~~ On or before March 20, 1989, the Secretary shall also pay to each county and city that submitted a list under this subsection an amount equal to the average rate, as provided below, for each special district ~~or unit of government~~ for which the county or city collected taxes in 1987, but whose tax rates were not included in the county or city's rates, multiplied by the value of the inventories owned by manufacturers that were ~~taxed in 1987~~ required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the district or unit. ~~district,~~ plus or minus the percentage of this product that equals the percentage by which State personal income has increased or

decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce.

The Secretary shall calculate an average rate for each county and city, and for each special district ~~or unit of government~~ whose tax rates were not included in the tax rates of a county or city, as the arithmetic mean of the property tax rates in effect in the county, city, ~~district, or unit~~ or district for the eight years from 1980 through 1987. If a county, city, or district did not have tax rates in effect for the entire eight-year period, the average rate shall be the arithmetic mean of the property rates in effect for the years during the eight-year period that it did have rates in effect.

Of the funds received by each county and city pursuant to this subsection, the portion that was received because the county or city was collecting taxes for ~~another a special district or unit of government~~ (either because the ~~district or unit's~~ district's tax rate was included in the city or county's rate or because the Secretary paid the county or city the product of the ~~district or unit's~~ district's average rate and the value of the inventories in the ~~district or unit~~ district) shall be distributed among the districts ~~and units~~ in the county or city in accordance with regulations issued by the Local Government Commission. This distribution shall be made as soon as practicable after the city or county receives funds under this subsection.

(b) Subsequent Distributions. Thereafter, as soon as practicable after January 1 of each year, the Secretary shall distribute to each county and city the amount it received under this section the preceding year. As soon as practicable after receiving funds under this subsection, every county and city shall distribute among the special districts ~~and units of government~~ for which the county or city collects tax an amount equal to the amount it distributed among such districts ~~and units~~ the previous year. This distribution shall be in accordance with regulations issued by the Local Government Commission.

(c) Use. Funds received by a county, city, ~~special district, or other unit of government~~ or special district under this section may be used for any lawful purpose.

(d) 'City' Defined. As used in this section, the term 'city' has the same meaning as in G.S. 153A-1(1).

(e) Source of Funds. To pay for the distribution required by this section and the cost to the Department of Revenue of making the distribution, the Secretary of Revenue shall charge the collections received by the Department under Division I of Article 4 of Chapter 105 with an amount equal to the amount distributed and the cost of making the distribution."

Sec. 8. G.S. 105-276 is amended by deleting the phrase "G.S. 105-275(30)" and substituting "G.S. 105-275(31)".

Sec. 9. G.S. 105-277(a), (b), (c), and (e) are repealed.

Sec. 10. G.S. 105-277A(a) reads as rewritten:

"(a) The Secretary of Revenue shall reimburse taxing units for the partial property tax exclusion provided for retailers' and wholesalers' inventories as provided in this section. ~~As soon as practicable after January 1 of 1987, the Secretary shall distribute to each taxing unit the unit's per capita share of the sum of nine million six hundred~~

~~thousand dollars (\$9,600,000).~~ As soon as practicable after January 1 of 1988, the Secretary shall distribute to each taxing unit the unit's per capita share of the sum of ~~twenty million eight hundred thousand dollars (\$20,800,000).~~ fifteen million eighty thousand dollars (\$15,080,000). Thereafter, as soon as practicable after January 1 of each year the Secretary shall distribute to each taxing unit the unit's per capita share of the sum distributed to all taxing units the previous year, plus or minus an amount that equals the product of the sum distributed the previous year and the percentage by which State ~~disposable~~-personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce.

To make the per capita distributions required by this section, the Secretary shall first allocate the sum to be distributed among the counties on a per capita basis. The Secretary shall then compute a per capita distributable amount for each county by dividing the amount allocated to a county by the total population of the county, plus the population of any incorporated towns and cities located in the county. Each taxing unit in a county, including the county itself, shall receive the product of the population of the taxing unit and the per capita distributable amount for that county. The Secretary shall use the most recent annual population estimates certified by the State Budget Officer in determining the population of taxing units.

As used in this subsection, the term 'taxing unit' means a unit that levied a property tax for the fiscal year beginning July 1 of the year preceding the date a distribution is made under this section."

Sec. 11. Effective January 1, 1989, G.S. 105-277A, as rewritten by Chapter 622 of the 1987 Session Laws, reads as rewritten:

"§ 105-277A. Reimbursement for exclusion of retailers' and wholesalers' inventories.-(a) Submission of Claims. ~~The Secretary of Revenue shall reimburse taxing units for the property tax exclusion provided for retailers' and wholesalers' inventories as provided in this section.~~ On or before January 15, 1989, the governing body of each county and city shall furnish to the Secretary a list of all the inventories owned by retailers and wholesalers that were ~~taxed in 1987 by~~ required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the county or city under this Subchapter. The list shall contain the value of the inventories ~~taxed~~ as well as the property tax rates in effect in the county or city for the eight years from 1980 through 1987. The list shall also contain the property tax rates in effect for those years in each special district ~~or unit of government~~ for which the county or city collected taxes in 1987 but whose tax rates were not included in the rates listed for the county or city, and the value of the inventories ~~taxed~~ owned by retailers and wholesalers that were required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in that district or unit. ~~district.~~ The list shall be accompanied by an affidavit attesting to the accuracy of the list and shall be on a form prescribed by the Secretary.

The Secretary shall calculate an average rate for each county and city, and for each special district ~~or unit of government~~ whose tax rates were not included in the tax rates of a county or city, as the arithmetic mean of the property tax rates in effect in the

county, city, ~~district, or unit~~ or district for the eight years from 1980 through 1987. If a county, city, or district did not have tax rates in effect for the entire eight-year period, the average rate shall be the arithmetic mean of the property rates in effect for the years during the eight-year period that it did have rates in effect.

(b) Per Capita Distribution. As soon as practicable after January 1 of 1989, the Secretary shall distribute to each taxing unit the unit's per capita share of the sum of fifteen million seven hundred forty-five thousand dollars (\$15,745,000). Thereafter, as soon as practicable after January 1 of each year the Secretary shall distribute to each taxing unit the unit's per capita share of an amount equal to the sum distributed to all taxing units the previous year under this subsection plus or minus the product of the sum distributed the previous year and the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce.

To make the per capita distributions required by this subsection, the Secretary shall first allocate the sum to be distributed among the counties on a per capita basis. The Secretary shall then compute a per capita distributable amount for each county by dividing the amount allocated to a county by the total population of the county, plus the population of any incorporated towns and cities located in the county. Each taxing unit in a county, including the county itself, shall receive the product of the population of the taxing unit and the per capita distributable amount for that county.

A city or county that receives funds under this subsection and that collects taxes for another taxing unit shall distribute part of the taxes received by it to the taxing unit for which it collects tax. The distribution shall be made on the basis of the proportionate amount of ad valorem taxes levied, for the most recent fiscal year beginning July 1, by the city or county and by all the taxing units for which the city or county collects tax. This distribution shall be made as soon as practicable after a city or county receives funds from the State under this section.

(c) Claims-based Distribution. ~~Within 60 days after receiving a certified list as required by this subsection, On or before March 20, 1989, the Secretary shall pay allocate to each county its per capita share of the sum of thirteen million two hundred thirty thousand dollars (\$13,230,000) plus~~ an amount equal to the greater of the following:

- (1) The county's per capita share of the sum of thirty-nine million dollars (\$39,000,000); or
- (2) The total of the county average rate multiplied by eighty percent (80%) of the value of the inventories ~~owned by retailers and wholesalers that were taxed in 1987~~ reported to the Secretary under subsection (a) of this section by the county, plus the city average rate for each city in the county multiplied by eighty percent (80%) of the value of the inventories ~~that were taxed in 1987~~ reported to the Secretary under subsection (a) of this section by the city, plus the average rate for each special district ~~or unit of government~~ for which the county or a city in the county collected taxes in 1987, but whose tax rates were not

included in the county or city's rates, multiplied by eighty percent (80%) of the value of the inventories ~~owned by retailers and wholesalers that were taxed in 1987 in the district or unit, reported to the Secretary under subsection (a) of this section in behalf of the district, minus two and one-half percent (2.5%) of the total distribution received by the county under G.S. 105-472, 105-486, 105-493, 105-501, and Chapter 1096 of the 1967 Session Laws between September 1, 1987, and June 30, 1988, plus or minus the percentage of this sum that equals the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce. Commerce, minus three and four-tenths percent (3.4%) of the total distribution received by the county and the cities located in the county under G.S. 105-472, 105-486, 105-493, 105-501, and Chapter 1096 of the 1967 Session Laws between January 1, 1988, and December 31, 1988.~~

Each year thereafter, as soon as practicable after January 1, the Secretary of Revenue shall ~~distribute~~ allocate to each county the amount it received the previous year under this subsection.

~~In making the per capita calculations under this subsection, the Secretary shall use the most recent annual population estimates certified by the State Budget Officer.~~

Amounts allocated to a county under this ~~section~~ subsection shall in turn be divided and distributed between the county and the ~~taxing units~~ cities located in the county in proportion to the total amount of ad valorem taxes levied by each during the fiscal year preceding the distribution. For the purposes of this section, the amount of the ad valorem taxes levied by a county or city shall include any ad valorem taxes collected by the county or city in behalf of a special district. For the purpose of computing the distribution for any year with respect to which the property valuation of a public service company is the subject of an appeal and the Department of Revenue is restrained by law from certifying the valuation to the appropriate counties and cities, the Department shall use the latest property valuation of that public service company that has been certified.

The governing body of each county and city shall report to the Secretary of Revenue such information as he may request in order to make the distribution under this ~~section~~ subsection. If a county or city fails to make a requested report within the time prescribed, the Secretary may disregard that county or city and the other taxing units in the county or city in making the distribution.

Of the funds received by each county and city pursuant to this subsection, the portion that was received because the county or city was collecting taxes for a special district shall be distributed among the districts in the county or city in accordance with regulations issued by the Local Government Commission. This distribution shall be made as soon as practicable after the city or county receives funds under this subsection.

~~(b)-(d)~~ Definitions. As used in this section, the term 'taxing unit' means a unit that levied a property tax or for which another unit collected a property tax for the fiscal year

beginning July 1 of the year preceding the date a distribution is made under this section. As used in this section, the term 'city' has the same meaning as in G.S. 153A-1(1).

(e) Population Estimates. In making the per capita calculations under this section, the Secretary shall use the most recent annual population estimates certified by the State Budget Officer.

(e)-(f) Source of Funds. The Secretary of Revenue shall pay for the distribution required by this section and the cost of making the distribution as follows:

- (1) For the distribution made in 1989, the Secretary shall draw an amount equal to the amount distributed and the cost of making the distribution first from the Inventory Tax Reimbursement Fund created in Section 15.1 of the School Facilities Finance Act of 1987, until it is exhausted, and then the remainder of that amount from collections received by the Department under Division I of Article 4 of this Chapter.
- (2) For distributions made in subsequent years, the Secretary shall charge the collections received by the Department under Division I of Article 4 of this Chapter with an amount equal to the amount distributed and the cost of making the distribution."

Sec. 12. G.S. 105-285(c) and G.S. 105-289.1 are repealed.

Sec. 13. G.S. 105-282.1(a)(2) reads as rewritten:

"(2) Owners of the special classes of property excluded from taxation under G.S. 105-275(5), (15), (16), (26), ~~or (31), (31), (33), or (34)~~, or exempted under G.S. 105-278.2 are not required to file applications for the exclusion of that property."

Sec. 14. G.S. 105-315(a), as rewritten by Chapter 45 of the 1987 Session Laws, reads as rewritten:

"(a) As of January 1, every person having custody of taxable tangible personal property that has been entrusted to him by another for storage, sale, renting, or any other business purpose shall furnish the appropriate assessor the reports required by ~~subdivisions (a)(1) and subdivision (a)(2)~~, below:

- ~~(1) For farm products that are owned by the original producer and that were produced in a county of this State other than that in which the products are situated, there shall be furnished to the assessor of the county in which the products were produced a statement showing the name of the producer, a description of the property, the quantity of the property, and the amount of money, if any, advanced against the products by the person having custody of them.~~

(2) For all ~~other~~ tangible personal property, except inventories exempt under G.S. 105-275(33) and (34), there shall be furnished to the assessor of the county in which the property is situated a statement showing the name of the owner of the property, a description of the property, the quantity of the property, and the amount of money, if any, advanced against the property by the person having custody of it.

- (3) For purposes of illustration, but not by way of limitation, the term 'person having custody of taxable tangible personal property' as used in this subsection (a) shall include warehouses, cooperative growers' and

marketing associations, consignees, factors, commission merchants, and brokers."

Sec. 15. G.S. 105-317.1(b) reads as rewritten:

"(b) In determining the true value of ~~inventories and other goods and materials~~ taxable tangible personal property held and used in connection with the mercantile, manufacturing, producing, processing, or other business enterprise of any taxpayer, the persons making the appraisal shall consider ~~the valuation of such property~~ any information as reflected by the taxpayer's records and as reported by the taxpayer to the North Carolina Department of Revenue and to the Internal Revenue Service for income tax purposes, taking into account the accuracy of the taxpayer's records, the taxpayer's method of accounting, and the level of trade at which the taxpayer does business."

Sec. 16. G.S. 105-320(a)(14) is repealed.

Sec. 17. G.S. 105-320(b) reads as rewritten:

"(b) Instead of being shown on the tax receipt, the information required in subdivisions ~~(14), (15), (15)~~ and (16) of subsection (a) may be shown on a separate sheet furnished to the affected taxpayers."

Sec. 18. G.S. 115C-489.2(b)(2), as enacted by Chapter 622 of the 1987 Session Laws, is amended by deleting the phrase "sales tax" and substituting the word "sales".

Sec. 18.1. G.S. 115C-546.2(b), as enacted by Chapter 622 of the 1987 Session Laws, is amended by adding after the second paragraph a new paragraph to read:

"In the event a county finds that its public school building needs can be met in a more timely fashion through the allocation of financial resources previously allocated for purposes other than school building needs and not restricted for use in meeting public school building needs, the county commissioners may, with the concurrence of the affected local Board of Education, use those financial resources to meet school building needs and may allocate the funds it receives under this Article for purposes other than school building needs to the extent that financial resources were redirected from such purposes. The concurrence described herein shall be secured in advance of the allocation of the previously unrestricted financial resources and shall be on a form prescribed by the Local Government Commission."

Sec. 18. 2. (a) G.S. 115C-489.2(a), as enacted by Chapter 622 of the 1987 Session Laws, is amended by rewriting the first sentence to read:

"The board of county commissioners and the board of education of a local school administrative unit that is located entirely within one county shall apply jointly for a grant from the Fund to meet a particular critical need in the local school administrative unit; the board of education of a local school administrative unit that is located in more than one county shall apply directly for a grant from the Fund to meet a particular critical need in the local school administrative unit.

(b) G.S. 115C-546.2(b), as enacted by Chapter 622 of the 1987 Session Laws, is amended by adding after the first paragraph a new paragraph to read:

"In the case of a local school administrative unit located in more than one county, the county shall allocate the monies in the Fund between the local school administrative

unit located partially in the county and the other unit or units in the county on the basis of average daily membership attributable to the county, as estimated by the Department of Public Instruction."

(c) This section applies only to Nash and Edgecombe Counties and to local school administrative units located in those counties.

Sec. 19. G.S. 115C-489.4(a), as enacted by Chapter 622 of the 1987 Session Laws, reads as rewritten:

"(a) There is created the Commission on School Facility Needs. The Commission shall be located administratively in the Department of Public Education but shall exercise all its prescribed statutory powers independently of the State Board of Education and the Department of Public Instruction.

The Commission shall consist of five members appointed by the General Assembly upon the recommendation of the President of the Senate in accordance with G.S. 120-121, one of whom shall be recommended by the President of the Senate to serve as cochairman, and five members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, one of whom shall be recommended by the Speaker of the House of Representatives to serve as cochairman.

The initial terms of members shall expire July 1, 1991. Their successors shall serve for four-year terms. A vacancy shall be filled for the remainder of the unexpired term in accordance with G.S. 120-122.

The initial meeting of the Commission shall be called jointly by the cochairmen.

Members of the Commission who are not State officers or employees shall receive per diem and necessary travel and subsistence expenses in accordance with G.S. 138-5. Members who are State officers or employees shall be reimbursed for travel and subsistence in accordance with G.S. 138-6.

The Department of Public Instruction shall provide requested professional and clerical staff to the Commission. The Commission may also employ professional and clerical staff and may hire outside consultants to assist it in its work."

Sec. 19.1. G.S. 115C-546.2(c), as enacted by Chapter 622 of the 1987 Session Laws, is amended by adding at the end the following:

"Funds expended by a county after July 1, 1986, for land acquisition, engineering fees, architectural fees, or other directly related costs for a public school building capital project that was not completed prior to July 1, 1987, may be used to meet the local match requirement."

Sec. 20. G.S. 115C-546.1(b), as enacted by Chapter 622 of the 1987 Session Laws, reads as rewritten:

"(b) Beginning ~~September~~ October 1, 1987, and each month thereafter through ~~June 30, July 31~~, 1988, the Secretary of Revenue shall deposit with the State Treasurer in the Public School Building Capital Fund one-seventh (1/7) of the corporate income tax net collections received during the previous month by the Department of Revenue under Division I of Article 4 of Chapter 105 of the General Statutes. Beginning July 1, 1988, the Secretary of Revenue shall, on a quarterly basis, deposit with the State Treasurer in the Public School Building Capital Fund an amount equal to two million

five hundred thousand dollars (\$2,500,000) less than one-fourteenth (1/14) of the corporate income tax net collections received during the previous quarter by the Department of Revenue under Division I of Article 4 of Chapter 105 of the General Statutes. All funds deposited in the Public School Building Capital Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3."

Sec. 21. G.S. 115C-546.2(b), as enacted by Chapter 622 of the 1987 Session Laws, reads as rewritten:

"(b) Monies in the Fund shall be used for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings and for the purchase of land for public school buildings. As used in this section, 'public school buildings' only includes facilities for individual schools that are used for instructional and related purposes and does not include centralized administration, maintenance, or other facilities.

In the event a county finds that it does not need all or part of the funds allocated to it for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings or for the purchase of land for public school buildings, the unneeded funds allocated to that county may be used to retire any indebtedness incurred by the county for public school facilities."

Sec. 22. Section 2 of Chapter 622 of the 1987 Session Laws reads as rewritten:

"Sec. 2. G.S. 105-275 is amended by adding two new subdivisions to read:

~~'(32)-(33)~~ Inventories owned by manufacturers.

~~(33)-(34)~~ Inventories owned by retail and wholesale merchants."

Sec. 23. Section 15.1 of Chapter 622 of the 1987 Session Laws reads as rewritten:

"Sec. 15.1. There is created in the Department of Revenue the Inventory Tax Reimbursement Fund to partially fund the 1989 reimbursement to taxing units under G.S. 105-277A. Notwithstanding any other provision of law, for distributions of local sales and use taxes made on or after ~~August-October 1, 1987,~~ and before ~~June 30, March 31, 1988,~~ pursuant to ~~G.S. 105-472, 105-486, 105-493, 105-501, and Chapter 1096 of the 1967 Session Laws,~~ the Secretary of Revenue shall withhold from ~~each county's share—the net proceeds, as defined in G.S. 105-472, to be distributed to the taxing counties pursuant to G.S. 105-472, 105-486, 105-493, 105-501, and Chapter 1096 of the 1967 Session Laws,~~ an amount equal to three and ~~three tenths percent (3.3%) of that county's share.~~ one-half percent (3.5%) of such net proceeds. For distributions of local sales and use taxes made on or after April 1, 1988, and before June 30, 1988, the Secretary shall withhold from such net proceeds an amount equal to twenty million four hundred thousand dollars (\$20,400,000) minus the amounts withheld between October 1, 1987, and March 31, 1988, under this section. This amount shall be deducted proportionally from such net proceeds to be distributed pursuant to G.S. 105-472, 105-486, 105-493, 105-501, and Chapter 1096 of the 1967 Session Laws. The amounts withheld shall be deposited in the Inventory Tax Reimbursement Fund to be distributed in accordance with G.S. 105-277A. Notwithstanding the provisions of G.S. 105-472,

105-486, 105-493, 105-501, and Chapter 1096 of the 1967 Session Laws, the Secretary of Revenue shall reduce each taxing county's net proceeds to be distributed under those provisions by the amounts withheld therefrom under this section.

In addition, as soon as practicable after November 1, 1988, the Secretary of Revenue shall deposit in the Inventory Tax Reimbursement Fund the sum of seven million one hundred thousand dollars (\$7,100,000), which shall be drawn from State sales and use tax collections received by the Department during October of 1988 under Article 5 of Chapter 105 of the General Statutes. These funds shall be distributed in 1989 as provided in G.S. 105-277A."

Sec. 24. Section 17 of Chapter 622 of the 1987 Session Laws reads as rewritten:

"Sec. 17. Sections 2, 3, 4, and 5 of this act are effective for taxable years beginning on or after January 1, 1988. Sections 6 and 7 of this act shall become effective January 1, 1989. Section 8 of this act is effective for taxable years beginning on or after January 1, 1987. Section 9 of this act shall become effective ~~August 1, 1987,~~ January 1, 1988, and applies to amounts withheld from an employee's wages on or after that date. Section 10 of this act shall become effective August 1, 1987, and applies to remittances of sales and use taxes collected on sales made on or after that date. The remainder of this act is effective upon ratification."

Sec. 24.1. G.S. 115C-489.3, as enacted by Chapter 622 of the 1987 Session Laws, is amended by adding a new subsection to read:

"(c) The statewide school facility minimum standards adopted by the State Board of Education pursuant to subsection (b) of this section shall apply to the construction, reconstruction, enlargement, and improvement of all school buildings after the standards are adopted, regardless of the source of the funds for the project."

Sec. 25. This act does not affect the rights or liabilities of the State, a taxpayer, or other person arising under a statute amended or repealed by this act before its amendment or repeal; nor does it affect the right to any refund or credit of a tax that would otherwise have been available under the amended or repealed statute before its amendment or repeal.

Sec. 26. Sections 1 through 6, 9, 12 through 17, and 22 of this act are effective for taxable years beginning on or after January 1, 1988. Sections 7 and 11 of this act shall become effective January 1, 1989. The remainder of this act is effective upon ratification.

In the General Assembly read three times and ratified this the 13th day of August, 1987.