

GENERAL ASSEMBLY OF NORTH CAROLINA
1993 SESSION

CHAPTER 255
HOUSE BILL 136

AN ACT TO EXTEND FOR AN ADDITIONAL FIVE YEARS THE REQUIREMENT THAT COUNTIES USE PART OF THE TWO HALF-CENT LOCAL SALES TAX PROCEEDS ONLY FOR PUBLIC SCHOOL BUILDINGS AND TO CLARIFY THE PROCEDURE BY WHICH A LOCAL GOVERNMENT MAY USE THE TAX PROCEEDS FOR OTHER LAWFUL PURPOSES IF IT CAN PROVIDE FOR ITS PUBLIC SCHOOL AND WATER AND SEWAGE CAPITAL NEEDS WITHOUT RESTRICTING THE TAX PROCEEDS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-487(a) reads as rewritten:

"(a) Except as provided in subsection (c), forty percent (40%) of the revenue received by a county from additional one-half percent (1/2%) sales and use taxes levied under this Article during the first five fiscal years in which the additional taxes are in effect in the county and thirty percent (30%) of the revenue received by a county from these taxes in the ~~second five~~ next 10 fiscal years in which the taxes are in effect in the county may be used by the county only for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes."

Sec. 2. G.S. 105-502(a) reads as rewritten:

"(a) Sixty percent (60%) of the revenue received by a county under this Article during the first ~~4-16~~ fiscal years in which the tax is in effect may be used by the county only for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes during the period beginning five years prior to the date the taxes took effect."

Sec. 3. G.S. 105-487(c) reads as rewritten:

"(c) The Local Government Commission may, upon petition by a county or municipality, authorize a county or municipality to use part or all its tax revenue, otherwise required by subsection (a) or (b) to be used for public schools or water and sewage capital needs, for any lawful purpose. The petition shall be in the form ~~prescribed by~~ of a resolution adopted by the City Council or Board of County Commissioners and transmitted to the Local Government Commission and Commission. The petition shall demonstrate that the county or municipality can provide for its public school or water and sewage capital needs without restricting the use of part or all of the designated amount of the additional one-half percent (1/2%) sales and use tax revenue for these purposes.

In making its decision, the Local Government Commission ~~may~~ shall consider information contained in the petition concerning not only the public school or water and

sewage capital needs, but also the other capital needs of the petitioning county or municipality. The Commission may also consider information from sources other than the petition. The Commission shall issue a written decision on each petition stating the findings of the Commission concerning the public school or water and sewage capital needs of the petitioning county or municipality and the percentage of revenue otherwise restricted by subsection (a) or (b) that may be used by the petitioning county or municipality for any lawful purpose.

Decisions of the Commission allowing counties or municipalities to use a percentage of their tax revenue that would otherwise be restricted under subsection (a) or (b) for any lawful purpose are final and shall continue in effect until the restrictions imposed by those subsections expire. A county or municipality whose petition is denied, in whole or in part, by the Commission may subsequently submit a new petition to the Commission."

Sec. 4. G.S. 105-502(b) reads as rewritten:

"(b) The Local Government Commission may, upon petition by a county, authorize a county to use part or all of its tax revenue, otherwise required by subsection (a) to be used for public school capital outlay purposes, for any lawful purpose. The petition shall be in the form ~~prescribed by~~ of a resolution adopted by the Board of County Commissioners and transmitted to the Local Government Commission and Commission. The petition shall demonstrate that the county can provide for its public school capital needs without restricting the use of part or all of the designated amount of the additional one-half percent (1/2%) sales and use tax revenue for these purposes.

In making its decision, the Local Government Commission ~~may~~ shall consider information in the petition concerning not only the public school capital needs but also the other capital needs of the petitioning county. The Commission may consider information from sources other than the petition. The Commission shall issue a written decision on each petition stating the findings of the Commission concerning the public school capital needs of the petitioning county and the percentage of revenue otherwise restricted by subsection (a) that may be used by the petitioning county for any lawful purpose.

Decisions of the Commission allowing counties to use a percentage of their tax revenue that would otherwise be restricted under subsection (a) for any lawful purpose are final and shall continue in effect until the restrictions imposed by those subsections expire. A county whose petition is denied, in whole or in part, by the Commission may subsequently submit a new petition to the Commission."

Sec. 5. G.S. 105-504(b) reads as rewritten:

"(b) The Local Government Commission may, upon petition by a municipality, authorize a municipality to use part or all its tax revenue, otherwise required by subsection (a) to be used for water and sewage capital needs, for any lawful purpose. The petition shall be in the form ~~prescribed by~~ of a resolution adopted by the City Council and transmitted to the Local Government Commission and Commission. The petition shall demonstrate that the municipality can provide for its water and sewage capital needs without restricting the use of part or all of the designated amount of the additional one-half percent (1/2%) sales and use tax revenue for these purposes.

In making its decision, the Local Government Commission ~~may~~ shall consider information in the petition concerning not only the water and sewage capital needs but also the other capital needs of the petitioning municipality. The Commission may consider information from sources other than the petition. The Commission shall issue a written decision on each petition stating the findings of the Commission concerning the water and sewage capital needs of the petitioning municipality and the percentage of revenue otherwise restricted by subsection (a) that may be used by the petitioning municipality for any lawful purpose.

Decisions of the Commission allowing municipalities to use a percentage of their tax revenue that would otherwise be restricted under subsection (a) for any lawful purpose are final and shall continue in effect until the restriction imposed by that subsection expires. A municipality whose petition is denied, in whole or in part, by the Commission may subsequently submit a new petition to the Commission."

Sec. 6. This act becomes effective July 1, 1993.

In the General Assembly read three times and ratified this the 30th day of June, 1993.

Dennis A. Wicker
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives