

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 2082

Short Title: Mount Holly Inventory Reimbursement.

(Public)

Sponsors: Representatives Dickson, Abernethy; Rhyne and Lail.

Referred to: Finance.

May 24, 1990

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE THAT THE STATE SHALL REIMBURSE CITIES FOR
2 PROPERTY TAXES LOST ON INVENTORIES LOCATED IN AREAS THAT
3 THE CITY SOUGHT TO ANNEX BEFORE SEPTEMBER 1, 1987, BUT THAT
4 DID NOT BECOME A PART OF THE CITY UNTIL AFTER JANUARY 1, 1988.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-275.1 reads as rewritten:

8 "**§ 105-275.1. Reimbursement for exclusion of manufacturers' inventories and**
9 **poultry and livestock.**

10 (a) Initial Distribution. – On or before January 15, 1989, the governing body of
11 each county and each city shall furnish to the Secretary a list of (i) all the inventories
12 owned by manufacturers that were required to be listed and assessed as of January 1,
13 1987, and were listed on or before September 1, 1987, in the county or city under this
14 Subchapter; (ii) all livestock and poultry and feed used in the production of livestock
15 and poultry that was required to be listed and assessed as of January 1, 1987, and was
16 listed on or before September 1, 1987, in the county or city under this Subchapter; (iii)
17 all the crops and other agricultural or horticultural products held for sale, whether in
18 process or ready for sale, owned by taxpayers regularly engaged in the growth,
19 breeding, raising, or other production of new products for sale, that were not included
20 under subdivision (ii) above and that were required to be listed and assessed as of
21 January 1, 1987, and were listed on or before September 1, 1987, in the county or city
22 under this Subchapter; ~~and~~(iv) in the case of a city, all the inventories owned by
23 manufacturers that were located as of January 1, 1987, in an area for which the city
24 began annexation proceedings before September 1, 1987, and which became a part of

1 the city after January 1, 1987, and before January 1, ~~1988-1988~~; and (v) in the case of a
2 city, all the inventories owned by manufacturers that were located as of January 1, 1987,
3 in an area for which the city began annexation proceedings before September 1, 1987,
4 and which became a part of the city after January 1, 1988, and before July 1, 1990. The
5 list shall contain the value of the inventories and other items as well as the property tax
6 rates in effect in the county or city for the eight years from 1980 through 1987. The list
7 shall also contain the property tax rates in effect for those years in each special district
8 for which the county or city collected taxes in 1987 but whose tax rates were not
9 included in the rates listed for the county or city, and the value of the inventories owned
10 by manufacturers and other items described in subdivisions (ii) and (iii) above that were
11 required to be listed and assessed as of January 1, 1987, and were listed on or before
12 September 1, 1987, in that district. The list shall be accompanied by an affidavit
13 attesting to the accuracy of the list and shall be on a form prescribed by the Secretary.

14 On or before March 20, 1989, the Secretary shall pay to each county and city that
15 submitted a list under this subsection an amount equal to the county or city average rate,
16 as provided below, multiplied by the value of the inventories described in subdivisions
17 (i) and (iv) above contained in the list submitted by the city or county, plus or minus the
18 percentage of this product that equals the percentage by which State personal income
19 has increased or decreased during the most recent 12-month period for which State
20 personal income data has been compiled by the Bureau of Economic Analysis of the
21 United States Department of Commerce.

22 On or before March 20, 1989, the Secretary shall also pay to each county and city
23 that submitted a list under this subsection an amount equal to the average rate, as
24 provided below, for each special district for which the county or city collected taxes in
25 1987, but whose tax rates were not included in the county or city's rates, multiplied by
26 the value of the inventories owned by manufacturers that were required to be listed and
27 assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the
28 district, plus or minus the percentage of this product that equals the percentage by which
29 State personal income has increased or decreased during the most recent 12-month
30 period for which State personal income data has been compiled by the Bureau of
31 Economic Analysis of the United States Department of Commerce.

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

39 Of the funds received by each county and city pursuant to this subsection, the portion
40 that was received because the county or city was collecting taxes for a special district
41 (either because the district's tax rate was included in the city or county's rate or because
42 the Secretary paid the county or city the product of the district's average rate and the
43 value of the inventories in the district) shall be distributed among the districts in the
44 county or city as soon as practicable after the city or county receives funds under this

1 subsection. The county or city shall distribute to each special district in the county or
2 city an amount equal to the average rate for the district multiplied by the value of the
3 inventories owned by manufacturers that were required to be listed and assessed as of
4 January 1, 1987, and were listed on or before September 1, 1987, in the district, plus or
5 minus the percentage of this product that equals the percentage by which State personal
6 income has increased or decreased during the most recent 12-month period for which
7 State personal income data has been compiled by the Bureau of Economic Analysis of
8 the United States Department of Commerce. The Local Government Commission may
9 adopt rules for the resolution of disputes and correction of errors in the distribution
10 among special districts provided in this paragraph. The Local Government Commission
11 shall report to the 1990 General Assembly any errors it discovers in the information
12 furnished by local governments to the Secretary as required in this subsection.

13 (b) Subsequent Distributions. – As soon as practicable after January 1, 1990, the
14 Secretary shall pay to each county and city the amount it received under subsection (a)
15 in 1989 plus an amount equal to the county or city average rate multiplied by the value
16 of the items described in subdivisions (ii) and (iii) of subsection (a) ~~that were required to be~~
17 ~~listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in~~
18 ~~the county or city, (ii), (iii), and (v) of subsection (a) contained in the list submitted by~~
19 the city or county, plus or minus the percentage of this product that equals the
20 percentage by which State personal income has increased or decreased during the most
21 recent 12-month period for which State personal income data has been compiled by the
22 Bureau of Economic Analysis of the United States Department of Commerce. As soon
23 as practicable after January 1, 1990, the Secretary shall also pay to each county and city
24 an amount equal to the average rate for each special district for which the county or city
25 collected taxes in 1987, but whose tax rates were not included in the county or city's
26 rates, multiplied by the value of the items described in subdivisions (ii) and (iii) of
27 subsection (a) that were required to be listed and assessed as of January 1, 1987, and
28 were listed on or before September 1, 1987, in the district, plus or minus the percentage
29 of this product that equals the percentage by which State personal income has increased
30 or decreased during the most recent 12-month period for which State personal income
31 data has been compiled by the Bureau of Economic Analysis of the United States
32 Department of Commerce. Thereafter, except as provided in subsection (f), as soon as
33 practicable after January 1 of each year, the Secretary shall distribute to each county and
34 city the amount it received under this section the preceding year.

35 Of the funds received by each county and city pursuant to this subsection in 1990,
36 the portion that was received because the county or city was collecting taxes for a
37 special district (either because the district's tax rate was included in the city or county's
38 rate or because the Secretary paid the county or city the product of the district's average
39 rate and the value of the inventories and other items in the district) shall be distributed
40 among the districts in the county or city as soon as practicable after the city or county
41 receives the funds. The county or city shall distribute to each special district in the
42 county or city the amount it distributed to the district in 1989 plus an amount equal to
43 the average rate for the district multiplied by the value of the items, other than
44 inventory, described in subdivisions (ii) and (iii) of subsection (a) that were required to

1 be listed and assessed as of January 1, 1987, and were listed on or before September 1,
2 1987, in the district, plus or minus the percentage of this product that equals the
3 percentage by which State personal income has increased or decreased during the most
4 recent 12-month period for which State personal income data has been compiled by the
5 Bureau of Economic Analysis of the United States Department of Commerce.

6 Each year thereafter, as soon as practicable after receiving funds under this
7 subsection, every county and city shall distribute among the special districts for which
8 the county or city collects tax an amount equal to the amount it distributed among such
9 districts the previous year. The Local Government Commission may adopt rules for the
10 resolution of disputes and correction of errors in the distribution among special districts
11 provided in this subsection. In addition, the Local Government Commission may adopt
12 rules for the reallocation of funds when a special district is dissolved, merged, or
13 consolidated, or when a special district ceases to levy tax, either temporarily or
14 permanently.

15 (c) Use. – Funds received by a county, city, or special district under this section
16 may be used for any lawful purpose.

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

19 (e) Source of Funds. – To pay for the distribution required by this section and the
20 cost to the Department of Revenue of making the distribution, the Secretary of Revenue
21 shall draw from the Local Government Tax Reimbursement Reserve an amount equal to
22 the amount distributed and the cost of making the distribution.

23 (f) Correction of Errors. – If the Secretary discovers that the amount or value of
24 any inventories or other items listed by a county or city pursuant to subsection (a) of this
25 section was overstated or understated, the Secretary shall adjust the amount to be
26 distributed under subsection (b) as follows. For the distribution to be made in the year
27 following discovery of the overstatement or understatement, the Secretary shall
28 distribute to the county or city the amount it would have received under subsection (b)
29 in 1990 if it had not overstated or understated the amount or value of any inventories or
30 other items, plus the total amount it failed to receive in 1989 and subsequent years due
31 to understatement of the amount or value of the inventories or other items, or minus the
32 total amount it received in 1989 and subsequent years due to overstatement of the
33 amount or value of the inventories or other items. Thereafter, each year the Secretary
34 shall distribute to the county or city the amount it would have received under subsection
35 (b) in 1990 if it had not overstated or understated the amount or value of any inventories
36 or other items."

37 Sec. 2. A city affected by the amendment to G.S. 105-275.1 provided in this
38 act shall submit to the Secretary of Revenue a list of the manufacturers' inventories in
39 the annexed area as soon as practicable.

40 Sec. 3. This act is effective upon ratification.