## GENERAL ASSEMBLY OF NORTH CAROLINA

## **SESSION 1989**

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## SENATE BILL 1298 Second Edition Engrossed 7/12/89

Short Title: Local Govt. Study/Reimbursement. (Public)
Sponsors: Senators Odom; Basnight, Carpenter, Hardin, Hunt of Durham, Hunt of Moore, Johnson of Cabarrus, Johnson of Wake, Martin of Guilford, Parnell, Richardson, Sands, Speed, and Staton.
Referred to: Finance.
May 11, 1989
A BILL TO BE ENTITLED  AN ACT TO CREATE THE LOCAL GOVERNMENT REVENUE STUDY COMMISSION, TO SIMPLIFY TAX ADMINISTRATION, AND TO ALLOCATE A PERCENTAGE OF STATE INCOME TAX PROCEEDS TO LOCAL GOVERNMENTS TO REPLACE STATE REIMBURSEMENTS FOR PREVIOUSLY REPEALED LOCAL TAXES.  Whereas, the elimination of the federal revenue-sharing program and recent federal legislation increasing the local government cost of the Medicaid program have created needs for additional local government revenue; and  Whereas, recent State legislation has eliminated portions of the property tax base; and
Whereas, local government units in North Carolina must seek State approval for new sources of revenue to meet pressing needs; and
Whereas, the General Assembly finds that local governments may need additional alternative local revenue sources; Now, therefore,
The General Assembly of North Carolina enacts:  PART I.

LOCAL GOVERNMENT REVENUE STUDY COMMISSION.

The Commission shall study the need for additional local government revenue sources

to supplement the property tax, local sales and use taxes, and other existing revenue

Section 1. The Local Government Revenue Study Commission is created.

sources. The Commission shall review recent changes in federal and State law that have reduced financial assistance to local governments, created needs for increased expenditures, and restricted the property tax base. The Commission shall develop proposed options for local revenue sources, including an additional one-half cent  $(1/2\phi)$ local sales and use tax, a local-option county income tax on county residents and/or people who work in the county, and a local-option county payroll tax. In developing the proposals, the Commission shall consider the fiscal impact of each proposal, how to simplify the administration of each proposal, how to reduce the burden on businesses, individuals, and the Department of Revenue in complying with each proposal, and other practical and legal issues associated with the proposals.

Sec. 2. The Commission shall consist of 14 members to be appointed as follows:

- (1) Four members of the Senate appointed by the President Pro Tempore of the Senate, one of whom shall be designated cochair;
- (2) Three public members appointed by the President Pro Tempore of the Senate, two of whom shall be local government officials and one of whom shall be a citizen representing the public at large;
- (3) Four members of the House of Representatives appointed by the Speaker of the House of Representatives, one of whom shall be designated cochair;
- (4) Three public members appointed by the Speaker of the House of Representatives, two of whom shall be local government officials and one of whom shall be a citizen representing the public at large.
- Sec. 3. Members appointed to the Commission shall serve until the Commission makes its final report. Vacancies on the Commission shall be filled in the same manner as the original appointments were made.
- Sec. 4. Upon request of the Commission or its staff, all State departments and agencies and all local government agencies shall furnish to the Commission or its staff any information in their possession or available to them.
- Sec. 5. The Commission shall submit a final report of its findings and recommendations to the General Assembly on or before the first day of the 1991 Session of the General Assembly by filing the report with the Speaker of the House of Representatives and President Pro Tempore of the Senate. The Commission shall terminate upon filing its final report.
- Sec. 6. The Commission shall have its initial meeting on or before October 15, 1989. The Commission shall meet upon the call of the cochairs.
- Sec. 7. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the offices of House and Senate supervisors of clerks. The expenses of employment of the clerical staff shall be borne by the Commission. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission.

1	Sec. 8. Members of the Commission shall be paid per diem, subsistence, and
2	travel allowances as follows:
3	(1) Commission members who are also members of the General
4	Assembly, at the rate established in G.S. 120-3.1;
5	(2) Commission members who are officials or employees of the State or
6	local government agencies, at the rate established in G.S. 138-6;
7	(3) All other Commission members at the rate established in G.S. 138-5.
8	Sec. 9. There is appropriated from the General Fund to the General
9	Assembly the sum of \$15,000 for the 1989-90 fiscal year, and the sum of \$10,000 for
10	the 1990-91 fiscal year to fund the Commission created by this act. Funds appropriated
11	for the Commission for the 1989-90 fiscal year but not expended during that fiscal year
12	may be expended for the Commission during the 1990-91 fiscal year.
13	Sec. 10. This act shall become effective July 1, 1989.