

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1269

Short Title: Tax Bank Deposits Above \$5,000.

(Public)

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Sponsors: Representative Luebke.

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Referred to: Finance.

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May 10, 1991

1 A BILL TO BE ENTITLED  
2 AN ACT TO RESTORE THE INTANGIBLES TAX ON MONEY ON DEPOSIT,  
3 REPEALED IN 1985.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 105-199, as repealed by Section 32 of Chapter 656 of the  
6 1985 Session Laws, is reenacted and is rewritten to read:

7 "**§ 105-199. Money on deposit.**

8 (a) Tax Levied. All money on deposit, including certificates of deposit and  
9 postal savings, with any bank or other corporation, firm, or person engaged in a banking  
10 business, whether the money is actually in or out of this State, having a business,  
11 commercial, or taxable situs in this State, shall be subject to an annual tax, which is  
12 hereby levied, of ten cents (10¢) on every one hundred dollars (\$100.00) of the total  
13 amount of the deposit without deduction for any indebtedness or liabilities of the  
14 taxpayer.

15 For the purpose of determining the amount of deposits subject to this tax every bank  
16 or other corporation, firm, or person engaged in a banking business shall set up the  
17 credit balance of each depositor on the fifteenth day of each February, May, August,  
18 and November in the calendar year next preceding the due date of the tax return, and the  
19 average of the quarterly credit balance shall constitute the amount of deposit of each  
20 depositor subject to the tax levied in this section. For the purposes of this section  
21 accounts having an average quarterly balance for the year of less than five thousand  
22 dollars (\$5,000) may be disregarded.

23 (b) Collection. The tax levied in this section upon money on deposit shall be  
24 paid by the cashier, treasurer, or other officer of every bank or other corporation, firm,

1 or person engaged in a banking business in this State by report and payment to the  
2 Secretary of Revenue on or before April 15 of each year. Taxes so paid as agent for the  
3 depositor shall be recovered by the bank or other corporation, firm, or person engaged  
4 in a banking business in this State by the deduction from the account of the depositor on  
5 November 16 of each year or on a convenient date thereafter. The bank may  
6 immediately report and pay the tax due on any account closed out during any quarter in  
7 which the bank has withheld the amount of the tax. The tax on deposits represented by  
8 time certificates shall be chargeable to the original depositor unless the original  
9 depositor has given notice to the depository bank of transfer of the certificate of deposit.

10 Accounts that have been closed during the year, leaving no credit balance against  
11 which the tax can be charged, may be reported separately to the Secretary of Revenue.  
12 The tax due on these accounts shall become a charge directly against the depositor and  
13 may be collected by the Secretary of Revenue from the depositor in the same manner as  
14 other taxes levied in this section. The bank or other corporation, firm, or person  
15 engaged in a banking business in this State shall not be held liable for the payment of  
16 the tax due on accounts so reported.

17 None of the provisions of this section shall be construed to relieve any taxpayer of  
18 liability for a full and complete return of postal savings and of all money on deposit  
19 outside this State having a business, commercial, or taxable situs in this State.

20 (c) Exemptions. The tax levied in this section does not apply to deposits by one  
21 bank in another bank nor to deposits of the United States, the State of North Carolina,  
22 political subdivisions of this State or agencies of these governmental units. Deposits  
23 representing the actual payment of benefits to World War veterans by the federal  
24 government, when not reinvested, are not subject to the tax levied in this section.  
25 Further deposits in North Carolina banks by nonresident individuals and foreign  
26 corporations, when such deposits are not related to business activities in this State, are  
27 not subject to the tax levied in this section. The tax levied in this section does not apply  
28 to deposits of foreign and alien insurance companies that pay the two and one-half  
29 percent (2 1/2%) gross premium tax levied by G.S. 105-228.5.

30 (d) Distribution to Local Governments. The taxes collected under this section  
31 shall be distributed to local governments as provided in this section. The Secretary of  
32 Revenue shall keep a separate record by counties of the taxes collected under this  
33 section. The Secretary shall allocate the net amount of taxes collected under this section  
34 to the counties according to the county in which the taxes were collected. The amounts  
35 so allocated to each county shall in turn be divided between the county and the  
36 municipalities in the county in proportion to the total amount of ad valorem taxes levied  
37 by each during the fiscal year preceding the distribution. As soon as practical after July  
38 1 of each year, the Secretary shall certify to the State Controller and to the State  
39 Treasurer the amount to be distributed to each county and municipality in the State. The  
40 State Controller shall then issue a warrant on the State Treasurer to each county and  
41 municipality in the amount certified.

42 For the purpose of computing the distribution of the intangibles tax to any county  
43 and the municipalities located in the county for any year with respect to which the  
44 property valuation of a public service company is the subject of an appeal pursuant to

1 the provisions of the Machinery Act, or to applicable provisions of federal law, and the  
2 Department of Revenue is restrained by operation of law or by a court of competent  
3 jurisdiction from certifying such valuation to the county and municipalities therein, the  
4 Department shall use the last property valuation of such public service company which  
5 has been so certified in order to determine the ad valorem tax levies applicable to such  
6 public service company in the county and the municipalities therein.

7 The chair of each board of county commissioners and the mayor of each  
8 municipality shall report to the Secretary of Revenue information requested by the  
9 Secretary to enable the Secretary to distribute the amount appropriated by this section.  
10 If a county or municipality fails to make a requested report within the time allowed, the  
11 Secretary may disregard the county or municipality in distributing the revenue collected  
12 under this section. The amount distributed to each county and municipality shall be  
13 used by the county or municipality in proportion to property tax levies made by it for  
14 the various funds and activities of the county or municipality, unless the county or  
15 municipality has pledged the amount to be distributed to it under this section in payment  
16 of a loan agreement with the North Carolina Solid Waste Management Capital Projects  
17 Financing Agency. A county or municipality that has pledged amounts distributed  
18 under this section in payment of a loan agreement with the Agency may apply the  
19 amount the loan agreement requires."

20 Sec. 2. G.S. 105-213.1 reads as rewritten:

21 "**§ 105-213.1. Additional appropriation to counties and municipalities.**

22 (a) Appropriation. – As soon as practicable after July 1 of 1986, the Secretary of  
23 Revenue shall allocate for distribution to each county and the municipalities located in  
24 the county the amount allocated to that county from taxes levied under G.S. 105-199,  
25 105-200, and 105-205 for the last taxable year in which these taxes were levied, plus or  
26 minus a sum that equals the product of this amount and the percentage by which State  
27 disposable personal income has increased or decreased during the most recent 12-month  
28 period for which State personal income data has been compiled by the Bureau of  
29 Economic Analysis of the United States Department of Commerce.

30 Thereafter, by August 30 of each ~~year, year~~ through 1991, the Secretary shall  
31 allocate to each county the amount of funds allocated to the county under this section  
32 the preceding year, plus or minus a sum that equals the product of this amount and the  
33 percentage by which State disposable personal income has increased or decreased  
34 during the most recent 12-month period for which State personal income data has been  
35 compiled by the Bureau of Economic Analysis of the United States Department of  
36 Commerce.

37 As soon as practical after July 1, 1992, the Secretary shall allocate to each county  
38 the amount of funds allocated to the county under this section the preceding year, plus  
39 or minus a sum that equals the product of this amount and the percentage by which State  
40 disposable personal income has increased or decreased during the most recent 12-month  
41 period for which State personal income data has been compiled by the Bureau of  
42 Economic Analysis of the United States Department of Commerce, and minus the  
43 amount allocated to the county under G.S. 105-199.

1        Thereafter, by August 30 of each year, the Secretary shall allocate to each county the  
2 amount of funds allocated to the county under this section the preceding year, plus or  
3 minus a sum that equals the product of this amount and the percentage by which State  
4 disposable personal income has increased or decreased during the most recent 12-month  
5 period for which State personal income data has been compiled by the Bureau of  
6 Economic Analysis of the United States Department of Commerce.

7        Amounts allocated to a county under this section shall in turn be divided and  
8 distributed between the county and the municipalities located in the county in  
9 accordance with the method of allocating intangible tax revenue between a county and  
10 the municipalities located in the county provided in G.S. 105-213.

11        (b) Restrictions on Use. – Amounts distributed to a county or a municipality  
12 under this section are subject to the same restrictions as amounts distributed under G.S.  
13 105-213.

14        (c) Municipality Defined. – As used in this section, the term 'municipality' has  
15 the same meaning as in G.S. 105-213.

16        (d) Source. – Funds distributed under this section shall be drawn from the Local  
17 Government Tax Reimbursement Reserve."

18        Sec. 3. This act is effective for taxable years beginning on or after January 1,  
19 1991.