

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 239

Short Title: State/Local Revenue Package.

(Public)

Sponsors: Representative Hasty.

Referred to: Finance.

March 14, 1991

A BILL TO BE ENTITLED

AN ACT TO ELIMINATE STATE REIMBURSEMENTS TO LOCAL GOVERNMENTS FOR PREVIOUSLY REPEALED LOCAL TAXES, INCREASE THE STATE SALES TAX BY ONE CENT, AND EARMARK ONE-HALF OF THE PROCEEDS OF THE ADDITIONAL ONE-CENT TAX FOR LOCAL GOVERNMENTS.

The General Assembly of North Carolina enacts:

PART I.

RAISE STATE SALES TAX

Section 1. G.S. 105-164.4 reads as rewritten:

§ 105-164.4. Tax imposed on retailers.

(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales, or gross receipts from the lease or rental of tangible personal property, as appropriate: sales or gross receipts, as appropriate. The general rate of tax is four percent (4%).

(1) ~~At the rate of three percent (3%) of~~ The general rate of tax applies to the sales price of each item or article of tangible personal property that is sold at retail and is not subject to tax under another subdivision in this section.

(1a) ~~At the rate of two percent (2%) of~~ The rate of two and sixty-seven one-hundredths percent (2.67%) applies to the sales price of each manufactured home sold at retail, including all accessories attached to the manufactured home when it is delivered to the purchaser, not to exceed three hundred dollars (\$300.00). ~~purchaser. The maximum tax is~~

1 four hundred dollars (\$400.00) per article. Each section of a
2 manufactured home that is transported separately to the site where it is
3 to be erected is a separate article.

4 (1b) ~~At the rate of two percent (2%) of~~ The rate of two and sixty-seven one-
5 hundredths percent (2.67%) applies to the sales price of each aircraft,
6 boat, railway car, or locomotive sold at retail, including all accessories
7 attached to the item when it is delivered to the purchaser, not to exceed
8 one thousand five hundred dollars (\$1,500)-purchaser. The maximum tax
9 is two thousand dollars (\$2,000) per article.

10 (1c) ~~At the rate of one percent (1%) of~~ The rate of one and thirty-four one-
11 hundredths percent (1.34%) applies to the sales price ~~on~~ of the
12 following items: articles:

13 a. Horses or mules by whomsoever sold.

14 b. Semen to be used in the artificial insemination of animals.

15 c. Sales of fuel, other than electricity or piped natural gas, to
16 farmers to be used by them for any farm purposes other than
17 preparing food, heating dwellings and other household
18 purposes. The quantity of fuel purchased or used at any one
19 time shall not in any manner be a determinative factor as to
20 whether any sale or use of fuel is or is not subject to the one
21 percent (1%) rate of tax imposed herein.

22 d. Sales of fuel, other than electricity or piped natural gas, to
23 manufacturing industries and manufacturing plants for use in
24 connection with the operation of such industries and plants
25 other than sales of fuels to be used for residential heating
26 purposes. The quantity of fuel purchased or used at any one
27 time shall not in any manner be a determinative factor as to
28 whether any sale or use of fuel is or is not subject to the ~~one~~
29 ~~percent (1%) rate of tax imposed herein.~~ rate of tax provided in this
30 subdivision.

31 e. Sales of fuel, other than electricity or piped natural gas, to
32 commercial laundries or to pressing and dry-cleaning
33 establishments for use in machinery used in the direct
34 performance of the laundering or the pressing and cleaning
35 service.

36 f. Sales to freezer locker plants of wrapping paper, cartons and
37 supplies consumed directly in the operation of such plant.

38 (1d) ~~At the rate of one percent (1%) of the sales price, subject to a~~
39 ~~maximum tax of eighty dollars (\$80.00) per article, on the following~~
40 ~~items:~~ The rate of one and thirty-four one-hundredths percent (1.34%)
41 applies to the sales price of the following articles. The maximum tax
42 is one hundred ten dollars (\$110.00) per article.

43 a. Sales of machines and machinery, whether animal or motor
44 drawn or operated, and parts and accessories for such machines

1 and machinery to farmers for use by them in the planting,
2 cultivating, harvesting or curing of farm crops, and sales of
3 machines and machinery and parts and accessories for such
4 machines and machinery to dairy operators, poultry farmers,
5 egg producers, and livestock farmers for use by them in the
6 production of dairy products, poultry, eggs or livestock, except
7 such machines, machinery, equipment, parts, and accessories
8 that come within the provisions of G.S. 105-164.13(4c).

9 The term 'machines and machinery' as used in this
10 subdivision is defined as follows:

11 The term shall include all vehicular implements, designed
12 and sold for any use defined in this subdivision, which are
13 operated, drawn or propelled by motor or animal power, but
14 shall not include vehicular implements which are operated
15 wholly by hand, and shall not include any motor vehicles
16 required to be registered under Chapter 20 of the General
17 Statutes.

18 The term shall include all nonvehicular implements and
19 mechanical devices designed and sold for any use defined in
20 this subdivision, which have moving parts, or which require the
21 use of any motor or animal power, fuel, or electricity in their
22 operation but shall not include nonvehicular implements which
23 have no moving parts and are operated wholly by hand.

24 The term shall also include metal flues sold for use in curing
25 tobacco, whether such flues are attached to handfired furnaces
26 or used in connection with mechanical burners.

27 b. Sales of mill machinery or mill machinery parts and accessories
28 to manufacturing industries and plants, and sales to contractors
29 and subcontractors purchasing mill machinery or mill
30 machinery parts and accessories for use by them in the
31 performance of contracts with manufacturing industries and
32 plants, and sales to subcontractors purchasing mill machinery or
33 mill machinery parts and accessories for use by them in the
34 performance of contracts with general contractors who have
35 contracts with manufacturing industries and plants. As used in
36 this paragraph, the term 'manufacturing industries and plants'
37 does not include delicatessens, cafes, cafeterias, restaurants, and
38 other similar retailers that are principally engaged in the retail
39 sale of foods prepared by them for consumption on or off their
40 premises.

41 c. Sales of central office equipment and switchboard and private
42 branch exchange equipment to telephone companies regularly
43 engaged in providing telephone service to subscribers on a
44 commercial basis, and sales to these companies of prewritten

- 1 computer programs used in providing telephone service to their
2 subscribers.
- 3 d. Sales to commercial laundries or to pressing and dry cleaning
4 establishments of machinery used in the direct performance of
5 the laundering or the pressing and cleaning service and of parts
6 and accessories thereto.
- 7 e. Sales to freezer locker plants of machinery used in the direct
8 operation of said freezer locker plant and of parts and
9 accessories thereto.
- 10 f. Sales of broadcasting equipment and parts and accessories
11 thereto and towers to commercial radio and television
12 companies which are under the regulation and supervision of
13 the Federal Communications Commission.
- 14 g. Sales to farmers of bulk tobacco barns and racks and all parts
15 and accessories thereto and similar apparatus used for the
16 curing and drying of any farm produce.
- 17 h. Sales to farmers of grain, feed or soybean storage facilities and
18 accessories thereto, whether or not dryers are attached, and all
19 similar apparatus and accessories thereto for the storage of
20 grain, feed or soybeans.
- 21 i. Sales of containers to farmers or producers for use in the
22 planting, producing, harvesting, curing, marketing, packaging,
23 sale, or transporting or delivery of their products when such
24 containers do not go with and become part of the sale of their
25 products at wholesale or retail.
- 26 (2) ~~At the applicable percentage rate of~~ The applicable percentage rate
27 applies to the gross receipts derived from the lease or rental of tangible
28 personal property by a person who is engaged in the business of
29 leasing or renting tangible personal property, or is a retailer and leases
30 or rents property of the type sold by the retailer. The applicable
31 percentage rate is the rate and the maximum tax, if any, that applies to
32 a sale of the property that is leased or rented. A person who leases or
33 rents property shall also collect the tax imposed by this section on the
34 separate retail sale of the property.
- 35 (3) Operators of hotels, motels, tourist homes, tourist camps, and similar
36 type businesses and persons who rent private residences and cottages
37 to transients are considered retailers under this Article. ~~There is levied~~
38 ~~upon every such retailer a tax of three percent (3%) of the gross receipts~~
39 ~~derived~~ A tax at the general rate of tax is levied on the gross receipts
40 derived by these retailers from the rental of any rooms, lodgings, or
41 accommodations furnished to transients for a consideration. This tax
42 does not apply to any private residence or cottage that is rented for less
43 than 15 days in a calendar year or to any room, lodging, or

1 accommodation supplied to the same person for a period of 90 or more
2 continuous days.

3 As used in this subdivision, the term 'persons who rent to transients'
4 means (i) owners of private residences and cottages who rent to
5 transients and (ii) rental agents, including 'real estate brokers' as
6 defined in G.S. 93A-2, who rent private residences and cottages to
7 transients on behalf of the owners. If a rental agent is liable for the tax
8 imposed by this subdivision, the owner is not liable.

- 9 (4) ~~Every person, firm or corporation person engaged in the business of~~
10 ~~operating a pressing club, cleaning plant, hat blocking establishment,~~
11 ~~dry-cleaning plant, laundry (including wet or damp wash laundries and~~
12 ~~businesses known as launderettes and launderalls), dry cleaning,~~
13 ~~pressing, or hat blocking establishment, a laundry, or any similar~~
14 ~~business, or engaged in the business of renting clean linen or towels or~~
15 ~~wearing apparel, or any similar business, or engaged in the business of~~
16 ~~soliciting cleaning, pressing, hat blocking, laundering or linen rental~~
17 ~~business for any of the aforementioned these businesses, shall be~~
18 ~~considered "retailers" for the purposes of this Article. is considered a~~
19 ~~retailer under this Article. There is hereby levied upon every such~~
20 ~~person, firm or corporation a tax of three percent (3%) of the gross~~
21 ~~receipts derived. A tax at the general rate of tax is levied on the gross~~
22 ~~receipts derived by these retailers from services rendered in engaging~~
23 ~~in any of the occupations or businesses named in this subdivision.~~
24 ~~subdivision, and every person, firm or corporation subject to the~~
25 ~~provisions of this subdivision shall register and secure a license in the~~
26 ~~manner hereinafter provided in this section, and, insofar as practicable,~~
27 ~~all other provisions of this Article shall be applicable with respect to~~
28 ~~the tax herein provided for. The tax imposed by this subdivision does~~
29 ~~not apply to receipts derived from coin or token-operated washing~~
30 ~~machines, extractors, and dryers. The taxes levied in this subdivision~~
31 ~~are additional privilege or license taxes for the privilege of engaging in~~
32 ~~the occupations or businesses named herein. Any person, firm or~~
33 ~~corporation engaged in cleaning, pressing, hat blocking, laundering~~
34 ~~for, or supplying clean linen or towels or wearing apparel to, another~~
35 ~~person, firm or corporation engaged in soliciting shall not be required~~
36 ~~to pay the three percent (3%) tax on its gross receipts derived through~~
37 ~~such solicitor, if the soliciting person, firm or corporation has~~
38 ~~registered with the Department, secured the license hereinafter~~
39 ~~required and has paid the tax at the rate of three percent (3%) of the~~
40 ~~total gross receipts derived from business solicited. The tax imposed~~
41 ~~by this subdivision does not apply to gross receipts derived from~~
42 ~~services performed for resale by a retailer that pays the tax on the total~~
43 ~~gross receipts derived from the services.~~

1 (4a) ~~At the rate of three percent (3%) of~~ The rate of three percent (3%) applies
2 to the gross receipts derived by a utility from sales of electricity, piped
3 natural gas, or local telecommunications service as defined by G.S.
4 105-120(e). A person who operates a utility is considered a retailer
5 under this Article.

6 (4b) A person who sells tangible personal property at a flea market, other
7 than his own household personal property, is considered a retailer
8 under this Article. A tax at the general rate of tax is levied on ~~that~~
9 ~~person at the rate of three percent (3%) of~~ the sales price of each article
10 sold by ~~him~~ the retailer at the flea market. A person who leases or
11 rents space to others at a flea market may not lease or rent this space
12 unless the retailer requesting to rent or lease the space ~~furnishes~~
13 ~~evidence that he has obtained~~ shows the license or a copy of the license
14 required by this Article. ~~Article or other evidence of compliance.~~ A
15 person who leases or rents space at a flea market shall keep records of
16 retailers ~~to whom he has~~ who have leased or rented space at the flea
17 market. As used in this subdivision, the term 'flea market' means a
18 place where space is rented to a person for the purpose of selling
19 tangible personal property.

20 (4c) ~~At the~~ The rate of six and one-half percent (6 1/2%) of ~~applies to~~ the
21 gross receipts derived from providing toll telecommunications services
22 or private telecommunications services as defined by G.S. 105-120(e)
23 that both originate from and terminate in the State and are not subject
24 to the privilege tax under G.S. 105-120. Any business entity that
25 provides ~~the service outlined above~~ these services is considered a retailer
26 under this Article. This subdivision does not apply to telephone
27 membership corporations as described in Chapter 117 of the General
28 Statutes.

29 (b) The tax levied in this section shall be collected from the retailer and paid by
30 him at the time and in the manner as hereinafter provided. Provided, however, that any
31 person engaging or continuing in business as a retailer shall pay the tax required on the
32 net taxable sales of such business at the rates specified when proper books are kept
33 showing separately the gross proceeds of taxable and nontaxable sales of tangible
34 personal property in such form as may be accurately and conveniently checked by the
35 Secretary or his duly authorized agent. If such records are not kept separately the tax
36 shall be paid as a retailer on the gross sales of business and the exemptions and
37 exclusions provided by this Article shall not be allowed. The tax levied in this section is
38 in addition to all other taxes whether levied in the form of excise, license or privilege or
39 other taxes.

40 (c) Any person who engages or continues in any business for which a privilege
41 tax is imposed by this Article shall immediately after July 1, 1979, apply for and obtain
42 from the Secretary upon payment of the sum of five dollars (\$5.00) a license to engage
43 in and conduct such business upon the condition that the person shall pay the tax
44 accruing to the State under this Article; the person shall thereby be duly licensed and

1 registered to engage in and conduct such business. Except as hereinafter provided, a
2 license issued under this subsection shall be a continuing license until revoked for
3 failure to comply with the provisions of this Article. However, any person who has
4 heretofore applied for and obtained the license, if the license was in force and effect as
5 of July 1, 1979, shall not be required to apply for and obtain a new license.

6 Any person who ceases to be engaged in any business for which a privilege tax is
7 imposed by this Article, and who remains continuously out of business for a period of
8 five years shall apply for and obtain a new license from the Secretary upon the payment
9 of a tax of five dollars (\$5.00), and any license previously issued under this section shall
10 be void. The burden of proof after such period shall be upon the taxpayer to show that
11 he did engage in such business within the period, and that no new license is required.

12 A retailer who sells tangible personal property at a flea market shall conspicuously
13 display his sales tax license when making sales at the flea market."

14 Sec. 2. G.S. 105-164.6(b) reads as rewritten:

15 "~~(b) There is hereby levied and there shall be collected from every person, firm, or~~
16 ~~corporation, an excise tax of three percent (3%) of the purchase price of all tangible~~
17 ~~personal property purchased or used which shall enter into or become a part of any~~
18 ~~building or other kind of structure in this State, including all materials, supplies, fixtures~~
19 ~~and equipment of every kind and description which shall be annexed thereto or in any~~
20 ~~manner become a part thereof. The tax shall be levied against the purchaser of such~~
21 ~~property. Provided, that where the purchaser is a contractor, the contractor and owner~~
22 ~~shall be jointly and severally liable for the tax, but the liability of the owner shall be~~
23 ~~deemed satisfied if before final settlement between them the contractor furnishes to the~~
24 ~~owner an affidavit certifying that the tax has been paid. Provided further, that where the~~
25 ~~purchaser is a subcontractor, the contractor and subcontractor shall be jointly and~~
26 ~~severally liable for the tax, but the liability of the contractor shall be deemed satisfied if~~
27 ~~before final settlement between them the subcontractor furnishes to the contractor an~~
28 ~~affidavit certifying that the tax has been paid.~~ An excise tax at the general rate of tax set
29 in G.S. 105-164.4 is imposed on the purchase price of tangible personal property
30 purchased inside or outside the State that becomes a part of a building or other structure
31 in the State. The purchaser of the property is liable for the tax. If the purchaser is a
32 contractor, the contractor and owner are jointly and severally liable for the tax; if the
33 purchaser is a subcontractor, the subcontractor and contractor are jointly and severally
34 liable for the tax. The liability of an owner or contractor who did not purchase the
35 property is satisfied if the purchaser delivers to the owner or contractor before final
36 settlement between them an affidavit certifying that the tax has been paid."

37 Sec. 3. G.S. 105-164.10 reads as rewritten:

38 "**§ 105-164.10. Retail bracket system.**

39 For the convenience of the retailer in collecting the tax due ~~at the rate of three~~
40 ~~percent (3%) and to facilitate the administration of this Article, every retailer engaged in~~
41 ~~or continuing within this State in a business for which a license, privilege or excise tax~~
42 ~~is required by this Article shall add to the sale price and collect from the purchaser on~~
43 ~~all taxable retail sales an amount equal to the following:~~

44 (1) ~~No amount on sales of less than 10¢.~~

- 1 (2) ~~1¢ on sales of 10¢ and over but not in excess of 35¢.~~
2 (3) ~~2¢ on sales of 36¢ and over but not in excess of 70¢.~~
3 (4) ~~3¢ on sales of 71¢ and over but not in excess of \$1.16.~~
4 (5) ~~Sales over \$1.16—straight 3% with major fractions governing.~~

5 ~~Use of the above bracket does not relieve the retailer from the duty and liability to~~
6 ~~remit to the Secretary an amount equal to three percent (3%) of the gross receipts~~
7 ~~derived from all taxable retail sales subject to the three percent (3%) rate during the~~
8 ~~taxable period.~~

9 ~~Whenever a sales or use tax is due at a rate of less than three percent (3%), the tax~~
10 ~~shall be computed by multiplying the sales or purchase price by the applicable rate and~~
11 ~~by rounding the result off to the nearest whole cent. The use of this method in~~
12 ~~computing the sales or use tax shall not relieve a taxpayer from the duty and liability of~~
13 ~~remitting to the Secretary an amount equal to the applicable rates times gross receipts~~
14 ~~subject to taxation at the lesser rates. under this Article, the Secretary shall prescribe~~
15 ~~tables that compute the tax due on sales by rounding off the amount of tax due to the~~
16 ~~nearest whole cent. The Secretary shall issue a separate table for each rate of tax that~~
17 ~~may apply to a sale, including the general rate established in G.S. 105-164.4,~~
18 ~~preferential rates, and combined State and local rates. Use of the tables prescribed by~~
19 ~~the Secretary does not relieve a retailer of liability for the applicable rate of tax due on~~
20 ~~the gross receipts or net taxable sales of the retailer."~~

21 Sec. 4. G.S. 105-465 reads as rewritten:

22 "**§ 105-465. County election as to adoption of local sales and use tax.**

23 The board of elections of any county, upon the written request of the board of county
24 commissioners thereof, or upon receipt of a petition signed by qualified voters of the
25 county equal in number to at least fifteen percent (15%) of the total number of votes
26 cast in the county, at the last preceding election for the office of Governor, shall call a
27 special election for the purpose of submitting to the voters of the county the question of
28 whether a one percent (1%) sales and use tax as hereinafter provided will be levied.

29 The special election shall be held under the same rules and regulations applicable to
30 the election of members of the General Assembly. No new registration of voters shall be
31 required. All qualified voters in the county who are properly registered not later than 21
32 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at
33 said election. The county board of elections shall give at least 20 days' public notice
34 prior to the closing of the registration books for the special election.

35 The county board of election shall prepare ballots for the special election which shall
36 contain the words, 'FOR the one percent (1%) local sales and use tax only on those
37 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'
38 and the words, 'AGAINST the one percent (1%) local sales and use tax only on those
39 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'
40 with appropriate squares so that each voter may designate his vote by his cross (X)
41 mark.

42 The county board of elections shall fix the date of the special election; provided,
43 however, that the special election shall not be held on the date of any biennial election

1 for county officers, nor within 60 days thereof, nor within one year from the date of the
2 last preceding special election under this section."

3 Sec. 5. G.S. 105-467 reads as rewritten:

4 **"§ 105-467. Scope of sales tax.**

5 The sales tax which may be imposed under this Article is limited to a tax at the rate
6 of one percent (1%) of:

- 7 (1) The sales price of those articles of tangible personal property now
8 subject to the ~~three percent (3%)~~ general rate of sales tax imposed by the
9 State under G.S. 105-164.4(a)(1) and (4b);
- 10 (2) The gross receipts derived from the lease or rental of tangible personal
11 property when the lease or rental of the property is subject to the ~~three~~
12 ~~percent (3%)~~ general rate of sales tax imposed by the State under G.S.
13 105-164.4(a)(2);
- 14 (3) The gross receipts derived from the rental of any room or lodging
15 furnished by any hotel, motel, inn, tourist camp or other similar
16 accommodations now subject to the ~~three percent (3%)~~ general rate of
17 sales tax imposed by the State under G.S. 105-164.4(a)(3); and
- 18 (4) The gross receipts derived from services rendered by laundries, dry
19 cleaners, ~~cleaning plants and similar type and other~~ businesses now
20 subject to the ~~three percent (3%)~~ general rate of sales tax imposed by the
21 State under G.S. 105-164.4(a)(4).

22 The sales tax authorized by this Article does not apply to sales that are taxable by the
23 State under G.S. 105-164.4 but are not specifically included in subdivisions (1) through
24 (4) of this section.

25 The exemptions and exclusions contained in G.S. 105-164.13 and the refund
26 provisions contained in G.S. 105-164.14 shall apply with equal force and in like manner
27 to the local sales and use tax authorized to be levied and imposed under this Article. A
28 taxing county shall have no authority, with respect to the local sales and use tax
29 imposed under this Article to change, alter, add to or delete any refund provisions
30 contained in G.S. 105-164.14, or any exemptions or exclusions contained in G.S. 105-
31 164.13 or which are elsewhere provided for.

32 The local sales tax authorized to be imposed and levied under the provisions of this
33 Article shall apply to such retail sales, leases, rentals, rendering of services, furnishing
34 of rooms, lodgings or accommodations and other taxable transactions which are made,
35 furnished or rendered by retailers whose place of business is located within the taxing
36 county. The tax imposed shall apply to the furnishing of rooms, lodging or other
37 accommodations within the county which are rented to transients. For the purpose of
38 this Article, the situs of a transaction is the location of the retailer's place of business."

39 Sec. 6. G.S. 105-468 reads as rewritten:

40 **"§ 105-468. Scope of use tax.**

41 The use tax which may be imposed under this Article shall be at the rate of one
42 percent (1%) of the cost price of each item or article of tangible personal property when
43 it is not sold but used, consumed or stored for use or consumption in the taxing county,
44 except that no tax shall be imposed upon tangible personal property when the property

1 would be taxed by the State at a rate of ~~other than three percent (3%)~~ other than the
2 general rate of tax set in G.S. 105-164.4 if it were taxable under G.S. 105-164.6.

3 Every retailer engaged in business in this State and in the taxing county and required
4 to collect the use tax levied by G.S. 105-164.6 shall also collect the one percent (1%)
5 use tax when such property is to be used, consumed or stored in the taxing county, one
6 percent (1%) use tax to be collected concurrently with the State's use tax; but no retailer
7 not required to collect the use tax levied by G.S. 105-164.6 shall be required to collect
8 the one percent (1%) use tax. The use tax contemplated by this section shall be levied
9 against the purchaser, and the purchaser's liability for the use tax shall be extinguished
10 only upon payment of the use tax to the retailer, where the retailer is required to collect
11 the tax, or to the Secretary of Revenue, or to the taxing county, as appropriate, where
12 the retailer is not required to collect the tax.

13 Where a local sales or use tax has been paid with respect to tangible personal
14 property by the purchaser, either in another taxing county within the State, or in a taxing
15 jurisdiction outside the State where the purpose of the tax is similar in purpose and
16 intent to the tax which may be imposed pursuant to this Article, the tax paid may be
17 credited against the tax imposed under this section by a taxing county upon the same
18 property. If the amount of sales or use tax so paid is less than the amount of the use tax
19 due the taxing county under this section, the purchaser shall pay to the Secretary of
20 Revenue or to the taxing county, as appropriate, an amount equal to the difference
21 between the amount so paid in the other taxing county or jurisdiction and the amount
22 due in the taxing county. The Secretary of Revenue or the taxing county, as
23 appropriate, may require such proof of payment in another taxing county or jurisdiction
24 as is deemed to be necessary. The use tax levied under this Article is not subject to
25 credit for payment of any State sales or use tax not imposed for the benefit and use of
26 counties and municipalities. No credit shall be given under this section for sales or use
27 taxes paid in a taxing jurisdiction outside this State if that taxing jurisdiction does not
28 grant similar credit for sales taxes paid under this Article."

29 Sec. 7. G.S. 105-470, 105-485, and 105-500 and Article 41 of Chapter 105 of
30 the General Statutes are repealed.

31 Sec. 8. Chapter 1096 of the 1967 Session Laws is amended as follows:

- 32 (1) The title is amended by deleting the phrase "THREE PER CENT
33 SALES AND USE TAX." and substituting the phrase "SALES AND
34 USE TAX AT THE GENERAL STATE RATE OF TAX SET IN G.S.
35 105-164.4."
- 36 (2) Section 4 is amended by deleting the phrase "three per cent (3%)" each
37 time it appears and substituting the phrase "general rate of".
- 38 (3) Section 5 is amended by deleting the phrase "of other than three
39 percent (3%)" and substituting the phrase "other than the general rate
40 of tax set in G.S. 105-164.4".
- 41 (4) Section 7 is repealed.
- 42 (5) Section 10.1(d) is amended by deleting the phrase "Items on Which the
43 State Now Imposes a Three Percent (3%) Sales Tax." and substituting
44 the phrase "Scope."

1 Sec. 9. (a) Approval under the Local Government Sales and Use Tax Act,
2 Article 39 of Chapter 105 of the General Statutes, or under the Mecklenburg County
3 Sales and Use Tax Act, Chapter 1096 of the 1967 Session Laws, as amended, of one
4 percent (1%) local sales and use taxes in addition to the three percent (3%) State sales
5 and use taxes constitutes approval of one percent (1%) local sales and use taxes in
6 addition to the four percent (4%) State sales and use taxes.

7 (b) Approval under the Supplemental Local Government Sales and Use Tax Act,
8 Article 40 of Chapter 105 of the General Statutes, of one-half percent (1/2%) local sales
9 and use taxes in addition to the one percent (1%) local sales and use taxes and three
10 percent (3%) State sales and use taxes constitutes approval of one-half percent (1/2%)
11 local sales and use taxes in addition to the one percent (1%) local sales and use taxes
12 and the four percent (4%) State sales and use taxes.

13 (c) Approval under the Additional Supplemental Local Government Sales and
14 Use Tax Act, Article 42 of Chapter 105 of the General Statutes, of one-half percent
15 (1/2%) local sales and use taxes in addition to the one and one-half percent (1-1/2%)
16 local sales and use taxes and three percent (3%) State sales and use taxes constitutes
17 approval of one-half percent (1/2%) local sales and use taxes in addition to the one and
18 one-half percent (1-1/2%) local sales and use taxes and the four percent (4%) State sales
19 and use taxes.

20 PART II.

21 REPLACE REIMBURSEMENTS WITH SALES TAX

22 Sec. 10. G.S. 105-164.44C reads as rewritten:

23 "**§ 105-164.44C. ~~Reimbursement for sales taxes on food stamp foods and~~**
24 **~~supplemental foods.~~ Part of tax proceeds transferred to local**
25 **governments.**

26 The Secretary shall, on a quarterly basis, draw from the taxes collected under this
27 Article an amount equal to one-eighth of the estimated net proceeds of the taxes levied
28 during the previous quarter under this Article at the rate of four percent (4%). The
29 Secretary shall distribute these funds among the counties and cities of the State in
30 proportion to the total amount of funds each county and city received during the 1990-
31 91 fiscal year from the Local Government Tax Reimbursement Reserve created in
32 Section 52 of Chapter 752 of the 1989 Session Laws. As used in this section, the term
33 'city' has the meaning provided in G.S. 153A-1(1).

34 ~~As soon as practicable after July 1 of each year, the Secretary shall determine from~~
35 ~~available information the amount of local sales taxes that would have been collected in~~
36 ~~each county during the preceding fiscal year on foods purchased with food stamp~~
37 ~~coupons or supplemental food instruments in the county, had these foods not been~~
38 ~~exempt from tax under G.S. 105-164.13(38). The Secretary shall then distribute the~~
39 ~~amounts determined to be due each county between the county and the cities located in~~
40 ~~the county in accordance with the method by which local sales and use taxes are~~
41 ~~distributed in that county. In order to pay for the reimbursement under this section and~~
42 ~~the cost to the Department of Revenue for administering the reimbursement, the~~
43 ~~Secretary of Revenue shall draw from the Local Government Tax Reimbursement~~

1 ~~Reserve an amount equal to the amount of the reimbursement and the cost of~~
2 ~~administration."~~

3 Sec. 11. G.S. 105-213.1, 105-275.1, 105-277A, and 105-277.1A are
4 repealed.

5 Sec. 12. G.S. 105-213(a) reads as rewritten:

6 "(a) There is annually appropriated from the General Fund to counties and
7 municipalities the amount of revenue collected under this Article during the preceding
8 fiscal year, ~~plus an amount equal to forty percent (40%) of the tax collected on accounts~~
9 ~~receivable during the preceding fiscal year and~~ less an amount equal to the costs during the
10 preceding fiscal year of:

11 (1) Refunds made during the fiscal year of taxes levied under this Article.

12 (2) The Department of Revenue to collect and administer the taxes levied
13 under this Article.

14 (3) The Department of Revenue in performing the duties imposed by
15 Article 15 of this Chapter.

16 (4) The Property Tax Commission.

17 (5) The Institute of Government in operating a training program in
18 property tax appraisal and assessment.

19 The appropriation shall be distributed by August 30 of each year. The appropriation
20 shall be included in the Current Operations Appropriations Act.

21 To distribute the appropriation, the Secretary of Revenue shall keep a separate
22 record by counties of the taxes collected under this Article and shall certify to the State
23 Controller and to the State Treasurer the amount to be distributed to each county and
24 municipality in the State. The State Controller shall then issue a warrant on the State
25 Treasurer to each county and municipality in the amount certified.

26 The Secretary shall allocate the amount appropriated under this Article to the
27 counties according to the county in which the taxes were collected. ~~The Secretary shall~~
28 ~~then increase the amount allocable to each county by a sum equal to forty percent (40%) of the~~
29 ~~amount of tax on accounts receivable allocated to the county on the basis of collections.~~ The
30 amounts so allocated to each county shall in turn be divided between the county and the
31 municipalities in the county in proportion to the total amount of ad valorem taxes levied
32 by each during the fiscal year preceding the distribution. For the purpose of computing
33 the distribution of the intangibles tax to any county and the municipalities located in the
34 county for any year with respect to which the property valuation of a public service
35 company is the subject of an appeal pursuant to the provisions of the Machinery Act, or
36 to applicable provisions of federal law, and the Department of Revenue is restrained by
37 operation of law or by a court of competent jurisdiction from certifying such valuation
38 to the county and municipalities therein, the Department shall use the last property
39 valuation of such public service company which has been so certified in order to
40 determine the ad valorem tax levies applicable to such public service company in the
41 county and the municipalities therein.

42 The chairman of each board of county commissioners and the mayor of each
43 municipality shall report to the Secretary of Revenue information requested by the
44 Secretary to enable the Secretary to distribute the amount appropriated by this section.

1 If a county or municipality fails to make a requested report within the time allowed, the
2 Secretary may disregard the county or municipality in distributing the amount
3 appropriated by this section. The amount distributed to each county and municipality
4 shall be used by the county or municipality in proportion to property tax levies made by
5 it for the various funds and activities of the county or municipality, unless the county or
6 municipality has pledged the amount to be distributed to it under this section in payment
7 of a loan agreement with the North Carolina Solid Waste Management Capital Projects
8 Financing Agency. A county or municipality that has pledged amounts distributed
9 under this section in payment of a loan agreement with the Agency may apply the
10 amount the loan agreement requires."

11 **PART III.**

12 **EFFECTIVE DATES**

13 Sec. 13. Part I of this act becomes effective May 1, 1991, and applies to sales
14 made on or after that date. Part II of this act becomes effective July 1, 1991, and applies
15 to distributions made on or after that date. The remainder of this act is effective upon
16 ratification.

17 Sec. 14. The provisions of this act increasing the State sales and use tax from
18 three percent (3%) to four percent (4%) do not apply to construction materials
19 purchased to fulfill a lump sum or unit price contract entered into or awarded before the
20 effective date of the increase or entered into or awarded pursuant to a bid made before
21 the effective date of the increase when the construction materials would otherwise be
22 subject to the State sales and use tax at the rate of four percent (4%).