

GENERAL ASSEMBLY OF NORTH CAROLINA
1995 SESSION

CHAPTER 370
HOUSE BILL 142

AN ACT TO MAKE TECHNICAL CHANGES RELATING TO THE REPEAL OF
THE INTANGIBLES TAX AND TO OTHER TAX LAWS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-501(1), as added by Chapter 41 of the 1995 Session Laws, reads as rewritten:

"(1) The Department of Revenue in performing the duties imposed by G.S. 105-275.2 and by Article 15 of this Chapter."

Sec. 2. G.S. 105-275.2, as recodified and amended by Chapter 41 of the 1995 Session Laws, reads as rewritten:

"§ 105-275.2. Reimbursement to counties and municipalities for repeal of State tax on intangible personal property.

(a) Reimbursement for Repeal of Tax on Money on Deposit, Money on Hand, and Funds on Deposit with Insurance Companies. – On or before August 30 of each year, the Secretary of Revenue shall allocate ~~for distribution~~ to each county ~~and the municipalities in the county~~ the amount allocated to the county under this subsection in 1990.

(a1) Reimbursement for Partial Repeal of Tax on Accounts Receivable. – On or before August 30 of each year, the Secretary of Revenue shall ~~distribute~~ allocate to counties ~~and municipalities~~ an amount equal to forty percent (40%) of the tax collected on accounts receivable under former Article 7 of this Chapter (repealed) during the 1989-90 fiscal year. The Secretary shall allocate this amount among the counties in proportion to the amount allocated to each county under former G.S. 105-213 (repealed) in August 1994.

(a2) Reimbursement for Repeal of Tax on Accounts Receivable, Bonds, Stocks, and Foreign Trust Interests. – On or before August 30 of each year, the Secretary of Revenue shall ~~distribute~~ allocate to counties the sum of ninety-five million three hundred thirty-one thousand nine hundred twenty-seven dollars ~~(\$95,331,927) to counties and municipalities. (\$95,331,927)~~. The Secretary shall allocate this amount among the counties in proportion to the amount allocated to each county under former G.S. 105-213 (repealed) in August 1994.

(a3) Distribution Between County and Its Municipalities. – The amounts allocated to each county under this section shall be allocated between the county and the municipalities in the county in proportion to the total amount of ad valorem taxes levied by each during the fiscal year preceding the distribution. In dividing these amounts between each county and its municipalities, the Secretary of Revenue shall treat taxes

levied by a merged school administrative unit described in G.S. 115C-513 in a part of the unit located in a county as taxes levied by the county in which that part is located.

After making these allocations, the Secretary shall certify to the State Controller and to the State Treasurer the amount to be distributed to each county and municipality in the State. The State Controller shall then issue a warrant on the State Treasurer to each county and municipality in the amount certified.

For the purpose of computing the distribution to any county and the municipalities located in the county for any year with respect to which the property valuation of a public service company is the subject of an appeal and the Department of Revenue is restrained by law from certifying the valuation to the county and the municipalities in the county, the Department shall use the last property valuation of the public service company that has been certified.

The chair of each board of county commissioners and the mayor of each municipality shall report to the Secretary of Revenue information requested by the Secretary to enable the Secretary to allocate the amount distributed by this section. If a county or municipality fails to make a requested report within the time allowed, the Secretary may disregard the county or municipality in allocating the amount distributed by this section.

(b) Restrictions on Use. – The amount distributed to each county and municipality shall be used by the county or municipality in proportion to property tax levies made by it for the various funds and activities of the county or municipality, unless the county or municipality has pledged the amount to be distributed to it under this section in payment of a loan agreement with the North Carolina Solid Waste Management Capital Projects Financing Agency. A county or municipality that has pledged amounts distributed under this section in payment of a loan agreement with the Agency may apply the amount the loan agreement requires.

(c) Repealed by Session Laws 1995, c. 41, s. 3.

(d) Source. – Funds distributed under this section shall be drawn from collections received under Division II of Article 4 of this Chapter."

Sec. 3. G.S. 105-134.6(c)(4a), as enacted by Chapter 42 of the General Statutes, reads as rewritten:

"(4a) The amount by which each of the taxpayer's personal exemptions ~~have~~ has been increased for inflation under section 151(d)(4)(A) of the ~~Code, less Code.~~ This amount is reduced by two hundred fifty dollars (\$250.00) for each personal exemption if the taxpayer's adjusted gross income (AGI), as calculated under the Code, is less than the following amounts:

| <u>Filing Status</u> | <u>AGI</u> |
|----------------------------|------------|
| Married, filing jointly | \$100,000 |
| Head of Household | 80,000 |
| Single | 60,000 |
| Married, filing separately | 50,000. |

For the purposes of this subdivision, if the taxpayer's personal exemptions have been reduced by the applicable percentage under

section 151(d)(3) of the Code, the amount by which the personal exemptions have been increased for inflation is also reduced by the applicable percentage."

Sec. 4. G.S. 105-130.9(4) reads as rewritten:

"(4) ~~That portion~~ The amount of a contribution that is claimed as a for which the taxpayer claimed a tax credit pursuant to G.S. 105-130.34 shall not be eligible for a deduction pursuant to under this section. The amount of the credit claimed with respect to the contribution is not, however, required to be added to income under G.S. 105-130.5(a)(10)."

Sec. 5. G.S. 105-130.40(c)(3) reads as rewritten:

"(3) The county's rank in a ranking of counties by percentage growth in population from ~~lowest to highest~~ highest to lowest."

Sec. 6. G.S. 105-151.17(c)(3) reads as rewritten:

"(3) The county's rank in a ranking of counties by percentage growth in population from ~~lowest to highest~~ highest to lowest."

Sec. 7. Sections 3 and 4 of this act are effective for taxable years beginning on or after January 1, 1995. Sections 1 and 2 of this act become effective July 1, 1995. The remainder of this act is effective upon ratification.

In the General Assembly read three times and ratified this the 30th day of June, 1995.

Dennis A. Wicker
President of the Senate

Harold J. Brubaker
Speaker of the House of Representatives