

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 589

Short Title: Cabarrus Sales Tax for Schools.

(Local)

Sponsors: Senator Hartsell.

Referred to: Finance.

March 29, 1999

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE CABARRUS COUNTY TO LEVY A ONE-CENT LOCAL SALES AND USE TAX FOR PUBLIC SCHOOL BUILDINGS, IF APPROVED BY THE VOTERS OF THE COUNTY.

The General Assembly of North Carolina enacts:

Section 1. This act applies to Cabarrus County only.

Section 2. Subchapter VIII of Chapter 105 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 44.

"SECOND ONE-CENT (1¢) LOCAL GOVERNMENT SALES AND USE TAX.

"§ 105-525. Short title.

This Article is the Second One-Cent (1¢) Local Government Sales and Use Tax Act.

"§ 105-526. Limitations.

This Article applies only to counties that levy the first one-cent (1¢) sales and use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, the first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter.

"§ 105-527. Levy.

(a) Authority. – If the majority of those voting in a referendum held pursuant to this Article vote for the levy of the taxes, the board of commissioners of the county may,

1 by resolution, levy one percent (1%) local sales and use taxes in addition to any other
2 State and local sales and use taxes levied pursuant to law.

3 (b) Vote. – The board of commissioners of a county may direct the county board
4 of elections to conduct a special election on the question of whether to levy local one
5 percent (1%) sales and use taxes in the county as provided in this Article. The election
6 must be held on a date jointly agreed upon by the two boards and must be held in
7 accordance with the procedures of G.S. 163-287.

8 (c) Ballot Question. – The question to be presented on a ballot for a special
9 election concerning the levy of the taxes authorized by this Article must be in the
10 following form:

11 **'[] FOR [] AGAINST**

12 one percent (1%) local sales and use taxes, in addition to the current two percent (2%)
13 local sales and use taxes, to be used only for public school capital projects.'

14 **"§ 105-528. Administration.**

15 Except as provided in this Article, the adoption, levy, collection, administration, and
16 repeal of the additional taxes authorized by this Article shall be in accordance with
17 Article 39 of this Chapter.

18 A tax levied under this Article does not apply to the sales price of food that is not
19 otherwise exempt from tax pursuant to G.S. 105-164.13 but would be exempt from the
20 State sales and use tax pursuant to G.S. 105-164.13 if it were purchased under the Food
21 Stamp Program, 7 U.S.C. § 51.

22 **"§ 105-529. Distribution and use.**

23 (a) Distribution. – The Secretary must, on a quarterly basis, distribute to each
24 taxing county the net proceeds of the tax collected in that county under this Article. If the
25 Secretary collects taxes under this Article in a month and the taxes cannot be identified as
26 being attributable to a particular taxing county, the Secretary must allocate these taxes
27 among the taxing counties in proportion to the amount of taxes collected in each county
28 under this Article in that month and must include them in the quarterly distribution.

29 (b) Use. – The proceeds of a tax levied under this Article may be used only for
30 public school capital outlay purposes as defined in G.S. 115C-426(f). A county shall not
31 use the proceeds to pay debt service or to fund a public school building capital outlay
32 project that is or will be financed in part by debt.

33 (c) Nonsupplant Restriction. – It is the purpose of this Article for counties to
34 appropriate funds generated under this Article to increase the level of county spending for
35 public elementary and secondary school capital outlay above the level of spending before
36 the levy of the tax authorized in this Article. A county that levies a tax under this Article
37 must continue to spend for public school capital outlay purposes in its local school
38 administrative units the same amount of money it would have spent for those purposes if
39 it had not levied the tax.

40 **"§ 105-530. Expiration.**

41 A tax levied under this Article expires seven years after the effective date of its levy.
42 A county's authorization to levy a tax under this Article expires seven years after the
43 effective date of the first tax a county levies under this Article, even if the tax has not

1 remained in effect for the entire seven-year period. The expiration of a tax pursuant to
2 this Article does not affect the rights or liabilities of a county, a taxpayer, or another
3 person arising under the expired tax before the effective date of its expiration; nor does it
4 affect the right to any refund or credit of a tax that would otherwise have been available
5 under the expired tax before the effective date of its expiration.

6 If the Secretary receives a valid request for a refund of a tax levied under this Article
7 after the tax has expired and the net proceeds have been distributed, the Secretary must
8 draw the refund from the taxing county's share of the net proceeds of the tax it levies
9 under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, as
10 applicable."

11 Section 3. A tax levied under Article 44 of Chapter 105 of the General
12 Statutes, as enacted by this act, does not apply to construction materials purchased to
13 fulfill a lump-sum or unit-price contract entered into or awarded before the effective date
14 of the levy or entered into or awarded pursuant to a bid made before the effective date of
15 the levy when the construction materials would otherwise be subject to the tax levied
16 under Article 44 of Chapter 105 of the General Statutes.

17 Section 4. This act is effective when it becomes law.