

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

H

1

HOUSE BILL 158

Short Title: House District 7 Local Sales Tax.

(Local)

---

Sponsors: Representatives Hall; Rogers and Tolson.

---

Referred to: Rules, Calendar, and Operations of the House.

---

February 19, 2001

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE EDGECOMBE COUNTY, HALIFAX COUNTY,  
2 MARTIN COUNTY, AND NASH COUNTY TO LEVY A ONE-CENT LOCAL  
3 SALES AND USE TAX FOR CAPITAL OUTLAY AND INFRASTRUCTURE  
4 IMPROVEMENT PURPOSES, IF APPROVED BY THE VOTERS OF THE  
5 COUNTY.

6  
7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** This act applies only to Edgecombe County, Halifax County,  
9 Martin County, and Nash County.

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

12 "Article 44.

13 "Second One-Cent (1¢) Local Government Sales and Use Tax.

14 **§ 105-515. Short title.**

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

16 **§ 105-516. Limitations.**

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

21 **§ 105-517. Levy.**

22 (a) Authority. – If the majority of those voting in a referendum held pursuant to  
23 this Article vote for the levy of the taxes, the board of commissioners of the county  
24 may, by resolution, levy one percent (1%) local sales and use taxes in addition to any  
25 other State and local sales and use taxes levied pursuant to law.

26 (b) Vote. – The board of commissioners of a county may direct the county board  
27 of elections to conduct an advisory referendum on the question of whether to levy local  
28 one percent (1%) sales and use taxes in the county as provided in this Article. The

1 election shall be held on a date jointly agreed upon by the two boards and shall be held  
2 in accordance with the procedures of G.S. 163-287.

3 (c) Ballot Question. – The form of the question to be presented on a ballot for a  
4 special election concerning the levy of the taxes authorized by this Article shall be:

5                    FOR        AGAINST

6 one percent (1%) local sales and use taxes, in addition to the current two percent (2%)  
7 local sales and use taxes, to be used only for capital outlay and infrastructure  
8 improvement projects.'

9 **"§ 105-518. Administration.**

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

13 A tax levied under this Article does not apply to the sales price of food that is  
14 exempt from tax pursuant to G.S. 105-164.13B.

15 **"§ 105-519. Expiration.**

16 A tax levied under this Article expires 10 years after the effective date of its levy. A  
17 county's authorization to levy a tax under this Article expires 10 years after the effective  
18 date of the first tax a county levies under this Article, even if the tax has not remained in  
19 effect for the entire 10-year period. The expiration of a tax pursuant to this Article does  
20 not affect the rights or liabilities of a county, a taxpayer, or another person arising under  
21 the expired tax; nor does it affect the right to any refund or credit of a tax that would  
22 otherwise have been available under the expired tax before its expiration.

23 If the Secretary receives a valid request for a refund of a tax levied under this Article  
24 after the tax has expired and the net proceeds have been distributed, the Secretary shall  
25 draw the refund from the taxing county's share of the net proceeds of the tax it levies  
26 under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, as  
27 applicable.

28 **"§ 105-520. Distribution and use.**

29 (a) Distribution. – The Secretary shall, on a quarterly basis, distribute to each  
30 taxing county the net proceeds of the tax collected in that county under this Article. If  
31 the Secretary collects taxes under this Article in a month and the taxes cannot be  
32 identified as being attributable to a particular taxing county, the Secretary shall allocate  
33 these taxes among the taxing counties in proportion to the amount of taxes collected in  
34 each county under this Article in that month and shall include them in the quarterly  
35 distribution.

36 (b) Use. – Counties may use the proceeds of a tax levied under this Article only  
37 for capital outlay and infrastructure improvements and to retire indebtedness incurred  
38 by the county for these purposes.

39 (c) Nonsupplant Restriction. – It is the purpose of this Article for counties to  
40 appropriate funds generated under this Article to increase the level of county spending  
41 for capital outlay and infrastructure improvements above the level of spending before  
42 the levy of the tax authorized in this Article. A county that levies a tax under this Article  
43 must continue to spend for capital outlay and infrastructure improvement purposes the

1 same amount of money it would have spent for those purposes if it had not levied the  
2 tax."

3           **SECTION 3.** A tax levied under Article 44 of Chapter 105 of the General  
4 Statutes, as enacted by this act, does not apply to construction materials purchased to  
5 fulfill a lump-sum or unit-price contract entered into or awarded before the effective  
6 date of the levy or entered into or awarded pursuant to a bid made before the effective  
7 date of the levy when the construction materials would otherwise be subject to the tax  
8 levied under Article 44 of Chapter 105 of the General Statutes.

9           **SECTION 4.** This act is effective when it becomes law.