

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 120  
Committee Substitute Favorable 4/27/21

Short Title: Restrict Local Sales Tax/School Construction.

(Local)

Sponsors:

Referred to:

February 23, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW GUILFORD COUNTY TO RESTRICT THE CHAPTER 105 ARTICLE  
3 46 ONE-QUARTER CENT COUNTY SALES AND USE TAX TO NEW PUBLIC  
4 SCHOOL CAPITAL OUTLAY PURPOSES ONLY.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. This act applies to Guilford County only.

7 SECTION 2. G.S. 105-537 reads as rewritten:

8 "§ 105-537. Levy.

9 (a) Authority. – A tax levied under this Article must be approved in a referendum. If the  
10 majority of those voting in a referendum held pursuant to this Article vote for the levy of the tax,  
11 the board of county commissioners may, by resolution and after 10 days' public notice, levy a  
12 local sales and use tax at a rate of one-quarter percent (0.25%).

13 (b) Vote. – The board of county commissioners may direct the county board of elections  
14 to conduct an advisory referendum on the question of whether to levy a local sales and use tax in  
15 the county as provided in this Article. The election shall be held in accordance with the  
16 procedures of G.S. 163-287, except that the election shall not be held within one year from the  
17 date of the last preceding election under this section.

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

20 "[ ] FOR [ ] AGAINST

21 Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State  
22 and local sales and use ~~taxes.~~"taxes to be used for [the applicable use chosen from the options  
23 listed in G.S. 105-538(b)]."

24 SECTION 3. G.S. 105-538 reads as rewritten:

25 "§ 105-538. Administration and use of taxes.

26 (a) Administration. – The Secretary shall, on a monthly basis, allocate to each taxing  
27 county the net proceeds of the tax levied under this Article. If the Secretary collects taxes under  
28 this Article in a month and the taxes cannot be identified as being attributable to a particular  
29 taxing county, the Secretary must allocate the net proceeds of these taxes among the taxing  
30 counties in proportion to the amount of taxes collected in each county under this Article in that  
31 month. For purposes of this Article, the term "net proceeds" has the same meaning as defined in  
32 G.S. 105-472.

33 Except as provided in this Article, the adoption, levy, collection, administration, and repeal  
34 of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1  
35 is an administrative provision that applies to this Article. A tax levied under this Article does not  
36 apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the



1 sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall  
2 not divide the amount allocated to a county between the county and the municipalities within the  
3 county.

4 (b) Use. – A county must use the net proceeds of a tax levied under this Article only for  
5 one of the following, as indicated on the ballot question presented pursuant to G.S. 105-537(c):

<u>Use</u>	<u>Ballot Language</u>
<u>Any public purpose</u>	<u>Any public purpose</u>
<u>Public school capital outlay purposes</u>	<u>Only public school capital outlay purposes</u>

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7  
8  
9  
10 If a tax is levied for public school capital outlay purposes, then a county must, using sources  
11 other than this tax, maintain at least the same amount of public school capital outlay funding as  
12 in the fiscal year prior to the fiscal year in which voters approve the ballot measure. As used in  
13 this section, "public school capital outlay purposes" are those purposes defined in  
14 G.S. 115C-426(f), including retiring any indebtedness for these purposes that was issued on or  
15 after the date that voters approve the ballot measure."

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