

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 939  
Committee Substitute Favorable 4/28/97

Short Title: Drug Tax For CrimeStopper.

(Public)

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Sponsors:

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Referred to:

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April 14, 1997

A BILL TO BE ENTITLED

1 AN ACT TO EARMARK TEN PERCENT OF THE DRUG TAX PROCEEDS FOR  
2 REWARDS PAID FOR TIPS REGARDING CRIMES PURSUANT TO LOCAL  
3 CRIMESTOPPERS PROGRAMS AND TO REQUIRE REFUNDS OF THE DRUG  
4 TAX WHERE THE PERSON IS NOT CONVICTED OF THE DRUG-RELATED  
5 CRIME.  
6

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 105-113.113 reads as rewritten:

9 **"§ 105-113.113. Use of tax proceeds.**

10 (a) Special Account. – The Secretary shall credit the proceeds of the tax levied by  
11 this Article to a special nonreverting account, to be called the State Controlled Substances  
12 Tax Account, until the tax proceeds are unencumbered. The Secretary shall remit the  
13 unencumbered tax proceeds as provided in this section on a quarterly or more frequent  
14 basis. Tax proceeds are unencumbered when either of the following occurs:

15 (1) The tax has been fully paid and the taxpayer has no current right under  
16 G.S. 105-267 to seek a refund.

17 (2) The taxpayer has been notified of the final assessment of the tax under  
18 G.S. 105-241.1 and has neither fully paid nor timely contested the tax  
19 under G.S. 105-241.1 through G.S. 105-241.4 or G.S. 105-267.

1 (b) ~~Distribution-Law Enforcement.~~ – The Secretary shall remit seventy-five percent  
2 (75%) of the part of the unencumbered tax proceeds that was collected by assessment to  
3 the State or local law enforcement agency that conducted the investigation of a dealer that  
4 led to the assessment. If more than one State or local law enforcement agency conducted  
5 the investigation, the Secretary shall determine the equitable share for each agency based  
6 on the contribution each agency made to the investigation. The Secretary shall credit the  
7 remaining unencumbered tax proceeds to the General Fund.

8 (c) CrimeStoppers Rewards. – The Secretary shall distribute two-fifths of the  
9 remaining unencumbered tax proceeds among the counties of the State on a per capita  
10 basis according to the most recent annual population estimates certified to the Secretary  
11 by the State Planning Officer. A county may use funds distributed to it under this  
12 subsection only to pay rewards to individuals for information provided to assist  
13 investigation of crimes pursuant to a local program of Crime Stoppers, Inc., or  
14 CrimeStoppers, Inc.

15 (d) General Fund. – The Secretary shall credit the remaining unencumbered tax  
16 proceeds to the General Fund.

17 (e) Refunds. – The refund of a tax that has already been distributed shall be drawn  
18 initially from the State Controlled Substances Tax Account. The amount of refunded  
19 taxes that had been distributed to a law enforcement agency under this section and any interest  
20 shall be subtracted from succeeding distributions from the Account to that law enforcement  
21 agency. ~~The amount of refunded taxes that had been credited to the General Fund under this~~  
22 ~~section and any interest shall be subtracted from succeeding credits to the General Fund from the~~  
23 ~~Account.~~ the agency, county, or fund to which the refunded taxes had been distributed."

24 Section 1.1. G.S. 105-113.111 reads as rewritten:

25 **§ 105-113.111. Assessments.**

26 (a) Notwithstanding any other provision of law, an assessment against a dealer  
27 who possesses a controlled substance to which a stamp has not been affixed as required  
28 by this Article shall be made as provided in this section. The Secretary shall assess a tax,  
29 applicable penalties, and interest based on personal knowledge or information available  
30 to the Secretary. The Secretary shall notify the dealer in writing of the amount of the tax,  
31 penalty, and interest due, and demand its immediate payment. The notice and demand  
32 shall be either mailed to the dealer at the dealer's last known address or served on the  
33 dealer in person. If the dealer does not pay the tax, penalty, and interest immediately  
34 upon receipt of the notice and demand, the Secretary shall collect the tax, penalty, and  
35 interest pursuant to the procedure set forth in G.S. 105-241.1(g) for jeopardy assessments  
36 or the procedure set forth in G.S. 105-242, including causing execution to be issued  
37 immediately against the personal property of the dealer, unless the dealer files with the  
38 Secretary a bond in the amount of the asserted liability for the tax, penalty, and interest.  
39 The Secretary shall use all means available to collect the tax, penalty, and interest from  
40 any property in which the dealer has a legal, equitable, or beneficial interest. The dealer  
41 may seek review of the assessment as provided in Article 9 of this Chapter.

42 (b) When an assessment is levied against a person who has been charged with a  
43 crime, an element of which includes possession of a controlled substance, and one of the

1 following occurs: (i) the person is found not guilty, or (ii) the charge is dismissed, the  
2 assessment shall be released, all property seized or its value shall be returned, and any tax  
3 collected shall be refunded."

4           Section 2. This act becomes effective July 1, 1997, and applies to taxes  
5 collected and assessments levied on or after that date.