

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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SENATE BILL 403*

Short Title: Lee Local Sales Tax. (Local)

Sponsors: Senators Harris and Kinnaird.

Referred to: Finance.

March 12, 2001

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE LEE COUNTY TO LEVY A ONE-CENT LOCAL SALES
2 AND USE TAX FOR PUBLIC SCHOOL CAPITAL OUTLAY PURPOSES AND
3 COMMUNITY COLLEGE PLANT FUND PURPOSES, IF APPROVED BY THE
4 VOTERS OF THE COUNTY.
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6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** This act applies to Lee County only.

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

"Article 44.

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

10 **§ 105-515. Short title.**

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

12 **§ 105-516. Limitations.**

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

17 **§ 105-517. Levy.**

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

22 (b) Vote. – The board of commissioners of a county may direct the county board
23 of elections to conduct an advisory referendum on the question of whether to levy local
24 one percent (1%) sales and use taxes in the county as provided in this Article. The
25 election shall be held on a date jointly agreed upon by the two boards and shall be held
26 in accordance with the procedures of G.S. 163-287.
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28

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

3 '[] FOR [] AGAINST

4 one percent (1%) local sales and use taxes, in addition to the current two percent (2%)
5 local sales and use taxes, to be used only for public school capital projects or
6 community college capital projects.'

7 **"§ 105-518. Administration.**

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

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

13 **"§ 105-519. Expiration.**

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

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

26 **"§ 105-520. Distribution and use.**

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

34 (b) Use. – The proceeds of a tax levied under this Article may be used only for
35 public school capital outlay purposes as defined in G.S. 115C-426(f) or for community
36 college plant fund purposes as defined in G.S. 115D-32.

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

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

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