

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE DRS55079-MBx-33 (3/1)

Short Title: Alexander Local Sales Tax. (Local)

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Sponsors: Senator Garwood.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE ALEXANDER COUNTY TO LEVY A ONE-CENT  
LOCAL SALES AND USE TAX FOR CAPITAL OUTLAY PURPOSES.

The General Assembly of North Carolina enacts:

**SECTION 1.** This act applies to Alexander County only.

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

"Article 46.

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

**"§ 105-535. Short title.**

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

**"§ 105-536. Limitations.**

This Article applies only to counties that levy the first one-cent (1¢) local 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, the second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter, and the third one-half cent (1/2¢) local sales and use tax under Article 44 of this Chapter.

**"§ 105-537. Levy of tax.**

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

(b) Without Vote. – If the question of whether to levy taxes under this Article has not been defeated in a special election held in the county within two years, the board of commissioners of a county may, by resolution, levy one percent (1%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to

1 law. Before adopting a resolution under this subsection, the board of commissioners  
2 must give at least 10 days' public notice of its intent to adopt the resolution and must  
3 hold a public hearing on the issue of adopting the resolution.

4 **"§ 105-538. County election on adoption of tax.**

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

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

13  FOR  AGAINST

14 One percent (1%) local sales and use taxes, in addition to all current State and  
15 local sales and use taxes.'

16 **"§ 105-539. Administration.**

17 Except as provided in this Article, the adoption, levy, collection, administration, and  
18 repeal of the additional taxes authorized by this Article shall be in accordance with  
19 Article 39 of this Chapter. A tax levied under this Article does not apply to the sales  
20 price of food that is exempt from tax pursuant to G.S. 105-164.13B.

21 **"§ 105-540. Distribution and use of taxes.**

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

29 (b) Use. – The proceeds of a tax levied under this Article may be used only for  
30 capital outlay and infrastructure improvements or to retire indebtedness incurred by the  
31 county for these purposes.

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

38 **SECTION 3.** A tax levied under Article 46 of Chapter 105 of the General  
39 Statutes, as enacted by this act, does not apply to construction materials purchased to  
40 fulfill a lump-sum or unit-price contract entered into or awarded before the effective  
41 date of the levy or entered into or awarded pursuant to a bid made before the effective  
42 date of the levy when the construction materials would otherwise be subject to the tax  
43 levied under Article 46 of Chapter 105 of the General Statutes.

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