

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1051
Committee Substitute Favorable 4/19/07

Short Title: Duplin County Local Option Sales Tax. (Local)

Sponsors:

Referred to:

March 27, 2007

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE DUPLIN COUNTY TO LEVY A ONE-HALF CENT LOCAL SALES AND USE TAX FOR PUBLIC SCHOOL CAPITAL OUTLAY PURPOSES AND COMMUNITY COLLEGE CAPITAL OUTLAY PURPOSES.

The General Assembly of North Carolina enacts:

SECTION 1. This act applies to Duplin County only.

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

"Article 46.

"Fourth One-Half Cent (1/2¢) Local Government Sales and Use Tax.

"§ 105-535. Short title.

This Article is the Fourth One-Half Cent (1/2¢) Local Government Sales and Use Tax Act.

"§ 105-536. Limitations.

This Article applies only to counties that levy the first one-cent (1¢) 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 and collection of additional taxes.

Any county subject to this Article may levy one-half percent (1/2%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law. Except as provided in this Article, the adoption, levy, collection, distribution, administration, and repeal of these additional taxes shall be in accordance with Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this Article, references to "this Article" mean Article 46 of this Chapter.

"§ 105-538. Form of ballot.

(a) The form of the question to be presented on a ballot for a special election concerning the additional taxes authorized by this Article shall be: "FOR one-half

1 percent (1/2%) local sales and use taxes in addition to the current one and one-half
2 percent (2%) local sales and use taxes" or "AGAINST one-half percent (1/2%) local
3 sales and use taxes in addition to the current one and one-half percent (2%) local sales
4 and use taxes."

5 (b) The form of the question to be presented on a ballot for a special election
6 concerning the repeal of any additional taxes levied pursuant to this Article shall be:
7 "FOR repeal of the additional one-half percent (1/2%) local sales and use taxes, thus
8 reducing local sales and use taxes to one and one-half percent (2%)" or "AGAINST
9 repeal of the additional one-half percent (1/2%) local sales and use taxes, thus reducing
10 local sales and use taxes to one and one-half percent (2%)."

11 **"§ 105-539. Administration of taxes.**

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

16 **"§ 105-540. Distribution and use of taxes.**

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

24 (b) Use. – A county may use the proceeds of a tax levied under this Article only
25 for public school capital outlay purposes, community college capital outlay purposes,
26 and to retire indebtedness incurred by the county for these purposes.

27 (c) Nonsupplant Restriction. – It is the purpose of this Article for counties to
28 appropriate funds generated under this Article to increase the level of county spending
29 for public school capital outlay purposes and community college capital outlay purposes
30 above the level of spending before the levy of the tax authorized in this Article. A
31 county that levies a tax under this Article must continue to spend for public school
32 capital outlay purposes and community college capital outlay purposes the same amount
33 of money it would have spent for those purposes if it had not levied the tax."

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

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