

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 455

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

Sponsors: Representative Tarleton.

Referred to: Local Government II, if favorable, Finance.

March 5, 2007

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE WATAUGA COUNTY TO LEVY A ONE-HALF CENT
3 LOCAL SALES AND USE TAX FOR PUBLIC SCHOOL CAPITAL OUTLAY
4 PURPOSES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** This act applies to Watauga County only.

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

9 "Article 46.

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

11 "**§ 105-535. Short title.**

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

14 "**§ 105-536. Limitations.**

15 This Article applies only to counties that levy the first one-cent (1¢) local sales and
16 use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session
17 Laws, the first one-half cent (1/2¢) local sales and use tax under Article 40 of this
18 Chapter, the second one-half cent (1/2¢) local sales and use tax under Article 42 of this
19 Chapter, and the third one-half cent (1/2¢) local sales and use tax under Article 44 of
20 this Chapter.

21 "**§ 105-537. Levy of tax.**

22 The board of commissioners of a county may, by resolution, levy one-half percent
23 (1/2%) local sales and use taxes in addition to any other State and local sales and use
24 taxes levied pursuant to law. Before adopting a resolution under this Article, the board
25 of commissioners must give at least 10 days' public notice of its intent to adopt the
26 resolution and must hold a public hearing on the issue of adopting the resolution.

27 "**§ 105-538. Administration.**

28 Except as provided in this Article, the adoption, levy, collection, administration, and
29 repeal of the additional taxes authorized by this Article shall be in accordance with

1 Article 39 of this Chapter. A tax levied under this Article does not apply to the sales
2 price of food that is exempt from tax pursuant to G.S. 105-164.13B.

3 **"§ 105-539. Distribution and use of taxes.**

4 (a) Distribution. – The Secretary shall, on a monthly basis, distribute to each
5 taxing county the net proceeds of the tax collected in that county under this Article. If
6 the Secretary collects taxes under this Article in a month and the taxes cannot be
7 identified as being attributable to a particular taxing county, the Secretary shall allocate
8 these taxes among the taxing counties in proportion to the amount of taxes collected in
9 each county under this Article in that month and shall include them in the monthly
10 distribution.

11 (b) Use. – The proceeds of a tax levied under this Article may be used only for
12 public school capital outlay purposes or to retire indebtedness incurred by the county for
13 these purposes.

14 (c) Nonsupplant Restriction. – It is the purpose of this Article for counties to
15 appropriate funds generated under this Article to increase the level of county spending
16 for public school capital outlay purposes above the level of spending before the levy of
17 the tax authorized in this Article. A county that levies a tax under this Article must
18 continue to spend for public school capital outlay purposes the same amount of money it
19 would have spent for those purposes if it had not levied the tax.

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

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