

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1495

Short Title: Raise Intangibles Reimbursement.

(Public)

Sponsors: Representatives Mitchell; and Setzer.

Referred to: Rules, Calendar and Operations of the House.

May 10, 2000

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE INTANGIBLES TAX REIMBURSEMENT TO LOCAL GOVERNMENTS AND MODIFY THE DISTRIBUTION FORMULA.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-275.2 reads as rewritten:

"§ 105-275.2. Reimbursement to counties and municipalities for repeal of State tax on intangible personal property.

(a) ~~Reimbursement for Repeal of Tax on Money on Deposit, Money on Hand, and Funds on Deposit with Insurance Companies.~~ Allocation to Counties. – On or before August 30 of each year, the Secretary of Revenue shall allocate the sum of one hundred thirty million dollars (\$130,000,000) among the counties on a per capita basis according to the most recent annual population estimates certified to the Secretary by the State Planning Officer. ~~to each county the amount allocated to the county under this subsection in 1990.~~

(a1) ~~Reimbursement for Partial Repeal of Tax on Accounts Receivable.~~ — On or before August 30 of each year, the Secretary of Revenue shall allocate to counties an amount equal to forty percent (40%) of the tax collected on accounts receivable under former Article 7 of this Chapter (repealed) during the 1989-90 fiscal year. The Secretary shall allocate this amount among the counties in proportion to the amount allocated to each county under former G.S. 105-213 (repealed) in August 1994.

1 (a2) ~~Reimbursement for Repeal of Tax on Accounts Receivable, Bonds, Stocks, and~~
2 ~~Foreign Trust Interests.— On or before August 30 of each year, the Secretary of Revenue~~
3 ~~shall allocate to counties the sum of ninety five million three hundred thirty one thousand~~
4 ~~nine hundred twenty seven dollars (\$95,331,927). The Secretary shall allocate this~~
5 ~~amount among the counties in proportion to the amount allocated to each county under~~
6 ~~former G.S. 105-213 (repealed) in August 1994.~~

7 (a3) Distribution Between County and Its Municipalities. – The amounts allocated
8 to each county under this section shall be allocated between the county and the
9 municipalities in the county in proportion to the total amount of ad valorem taxes levied
10 by each during the fiscal year preceding the distribution. In dividing these amounts
11 between each county and its municipalities, the Secretary of Revenue shall treat taxes
12 levied by a merged school administrative unit described in G.S. 115C-513 in a part of the
13 unit located in a county as taxes levied by the county in which that part is located.

14 After making these allocations, the Secretary shall certify to the State Controller and
15 to the State Treasurer the amount to be distributed to each county and municipality in the
16 State. The State Controller shall then issue a warrant on the State Treasurer to each
17 county and municipality in the amount certified.

18 For the purpose of computing the distribution to any county and the municipalities
19 located in the county for any year with respect to which the property valuation of a public
20 service company is the subject of an appeal and the Department of Revenue is restrained
21 by law from certifying the valuation to the county and the municipalities in the county,
22 the Department shall use the last property valuation of the public service company that
23 has been certified.

24 The chair of each board of county commissioners and the mayor of each municipality
25 shall report to the Secretary of Revenue information requested by the Secretary to enable
26 the Secretary to allocate the amount distributed by this section. If a county or
27 municipality fails to make a requested report within the time allowed, the Secretary may
28 disregard the county or municipality in allocating the amount distributed by this section.

29 (b) Restrictions on Use. – The amount distributed to each county and municipality
30 shall be used by the county or municipality in proportion to property tax levies made by it
31 for the various funds and activities of the county or municipality, unless the county or
32 municipality has pledged the amount to be distributed to it under this section in payment
33 of a loan agreement with the North Carolina Solid Waste Management Capital Projects
34 Financing Agency. A county or municipality that has pledged amounts distributed under
35 this section in payment of a loan agreement with the Agency may apply the amount the
36 loan agreement requires.

37 (c) Repealed by Session Laws 1995, c. 41, s. 3.

38 (d) Source. – Funds distributed under this section shall be drawn from collections
39 received under Part 2 of Article 4 of this Chapter.

40 (e) **(Expires September 1, 2002)** Reduction. – Each year, on or before July 15,
41 the governing body of each county and each municipality shall notify the Secretary of the
42 amount of taxes it collected in the preceding fiscal year from taxes on intangible personal
43 property discovered on or after January 1, 1997, for taxable years beginning on or after

1 July 1, 1991. The Secretary shall reduce the amount allocated to each county and
2 municipality for distribution the following August by the amount the county or
3 municipality reports pursuant to this subsection. If the Secretary discovers that a county
4 or municipality failed to report any taxes as required by this subsection, the Secretary
5 shall reduce the county or municipality's next distribution under this section by ten
6 percent (10%).

7 (f) **(Expires September 1, 2003)** Additional Reduction. – Each year, on or before
8 July 15, the governing body of each county and each municipality shall notify the
9 Secretary of the amount of taxes it collected in the preceding fiscal year from taxes on
10 qualified retirement facility property, as defined in G.S. 105-278.6A, discovered on or
11 after January 1, 1998, for taxable years beginning on or after July 1, 1992. The Secretary
12 shall reduce the amount allocated to each county and municipality for distribution the
13 following August by one hundred ten percent (110%) of the amount the county or
14 municipality reports pursuant to this subsection."

15 Section 2. This act becomes effective July 1, 2000.