

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 616

Short Title: Modify Intangibles Reimbursement.

(Public)

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Sponsors: Representative Cansler; Walend and Davis.

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Referred to: Finance.

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March 25, 1999

A BILL TO BE ENTITLED

1 AN ACT TO MODIFY THE ANNUAL REIMBURSEMENT TO LOCAL  
2 GOVERNMENTS FOR REPEAL OF THE STATE TAX ON INTANGIBLE  
3 PERSONAL PROPERTY.  
4

5 The General Assembly of North Carolina enacts:

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

7 **"§ 105-275.2. Reimbursement to counties and municipalities for repeal of State tax  
8 on intangible personal property.**

9 (a) ~~Reimbursement for Repeal of Tax on Money on Deposit, Money on Hand, and  
10 Funds on Deposit with Insurance Companies-Hold-Harmless Allocation.~~ – On or before  
11 August 30 of each year, the Secretary of Revenue shall allocate ~~to each county the~~  
12 ~~amount allocated to the county under this subsection in 1990.~~ to counties an amount  
13 equal to the lesser of one hundred twenty-nine million dollars (\$129,000,000) or two and  
14 five one-hundredths percent (2.05%) of net collections under Part 2 of Division 4 of this  
15 Chapter for the previous fiscal year. The Secretary shall allocate this amount among the  
16 counties in proportion to the total amount allocated to each county under former  
17 subsections (a), (a1), and (a2) of this section in August 1998.

18 (a1) Growth Allocation. – If two hundred and five one-hundredths percent (2.05%)  
19 of net collections under Part 2 of Division 4 of this Chapter for the previous fiscal year

1 exceeds one hundred twenty-nine million dollars (\$129,000,000), the Secretary of  
2 Revenue shall allocate the excess among counties as follows:

3 (1) The Secretary shall allocate thirty percent (30%) of the excess among  
4 counties on a pro rata basis, with each county receiving one one-  
5 hundredth.

6 (2) The Secretary shall allocate the remainder of the excess among counties  
7 in proportion to the estimated amount of individual income tax paid  
8 annually, by county, based on the most recent 12-month period for  
9 which data are available.

10 ~~Reimbursement for Partial Repeal of Tax on Accounts Receivable.—On or before August~~  
11 ~~30 of each year, the Secretary of Revenue shall allocate to counties an amount equal to~~  
12 ~~forty percent (40%) of the tax collected on accounts receivable under former Article 7 of~~  
13 ~~this Chapter (repealed) during the 1989-90 fiscal year. The Secretary shall allocate this~~  
14 ~~amount among the counties in proportion to the amount allocated to each county under~~  
15 ~~former G.S. 105-213 (repealed) in August 1994.~~

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

22 (a3) ~~Distribution Between County and Its Municipalities. — The amounts allocated~~  
23 ~~to each county under this section shall be allocated between the county and the~~  
24 ~~municipalities in the county in proportion to the total amount of ad valorem taxes levied~~  
25 ~~by each during the fiscal year preceding the distribution. In dividing these amounts~~  
26 ~~between each county and its municipalities, the Secretary of Revenue shall treat taxes~~  
27 ~~levied by a merged school administrative unit described in G.S. 115C-513 in a part of the~~  
28 ~~unit located in a county as taxes levied by the county in which that part is located.~~

29 After making these allocations, the Secretary shall certify to the State Controller and  
30 to the State Treasurer the amount to be distributed to each county and municipality in the  
31 State. The State Controller shall then issue a warrant on the State Treasurer to each  
32 county and municipality in the amount certified.

33 For the purpose of computing the distribution to any county and the municipalities  
34 located in the county for any year with respect to which the property valuation of a public  
35 service company is the subject of an appeal and the Department of Revenue is restrained  
36 by law from certifying the valuation to the county and the municipalities in the county,  
37 the Department shall use the last property valuation of the public service company that  
38 has been certified.

39 The chair of each board of county commissioners and the mayor of each municipality  
40 shall report to the Secretary of Revenue information requested by the Secretary to enable  
41 the Secretary to allocate the amount distributed by this section. If a county or  
42 municipality fails to make a requested report within the time allowed, the Secretary may  
43 disregard the county or municipality in allocating the amount distributed by this section.

1 (b) Restrictions on Use. —~~The~~ Each county and municipality must use the amount  
2 distributed to each county and municipality shall be used by the county or municipality it under  
3 this section in proportion to property tax levies made by it for the various funds and  
4 activities of the county or municipality, unless the county or municipality has pledged the  
5 amount to be distributed to it under this section in payment of a loan agreement with the  
6 North Carolina Solid Waste Management Capital Projects Financing Agency. A county  
7 or municipality that has pledged amounts distributed under this section in payment of a  
8 loan agreement with the Agency may apply the amount the loan agreement requires.

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

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

12 (e) **(Expires September 1, 2002)** Reduction. – Each year, on or before July 15,  
13 the governing body of each county and each municipality shall notify the Secretary of the  
14 amount of taxes it collected in the preceding fiscal year from taxes on intangible personal  
15 property discovered on or after January 1, 1997, for taxable years beginning on or after  
16 July 1, 1991. The Secretary shall reduce the amount allocated to each county and  
17 municipality for distribution the following August by the amount the county or  
18 municipality reports pursuant to this subsection. If the Secretary discovers that a county  
19 or municipality failed to report any taxes as required by this subsection, the Secretary  
20 shall reduce the county or municipality's next distribution under this section by ten  
21 percent (10%)."

22 Section 2. This act becomes effective July 1, 1999.