

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

H

D

HOUSE DRH60209-MC_x-74 (2/22)

Short Title: New Hanover County Local Option Sales Tax. (Local)

Sponsors: Representatives Wright and McComas (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE A REFERENDUM FOR DEBT RELIEF.

The General Assembly of North Carolina enacts:

SECTION 1. This act applies only to New Hanover County.

SECTION 2. Short title; purpose. – This act is the New Hanover County Debt Relief Referendum Act. This act gives New Hanover County an opportunity to retire debt without having to raise property tax rates. It provides New Hanover County with authority to levy sales and use taxes for these purposes.

SECTION 3. Definitions. – The definitions in G.S. 105-164.3 apply in this act. For purposes of this act, net proceeds is defined as gross proceeds less the cost of administering and collecting the tax.

SECTION 4. Local election on adoption of sales and use tax. – (a) Resolution. – The board of commissioners of a county may direct the county board of elections to conduct a special election on the question of whether to levy local one-half percent (1/2%) sales and use taxes in the county as provided in this Article. The election must be held on a date jointly agreed upon by the two boards and must be held in accordance with the procedures of G.S. 163-287.

SECTION 4.(b) Ballot question. – The question to be presented on a ballot for a special election concerning the levy of a tax authorized by this section shall be in the following form:

"[] FOR [] AGAINST

One-half percent (1/2%) local sales and use tax, in addition to the current two and one-half percent (2 1/2%) local sales and use taxes, to be used only for the retiring of debt."

SECTION 5. Levy of sales and use tax. – If the majority of those voting in a referendum held pursuant to Section 4 of this act vote for the levy of those taxes, the Board of Commissioners may, by resolution, levy the additional local sales and use

1 taxes, as permitted by this act, in addition to any other State and local sales and use
2 taxes levied pursuant to law. Notwithstanding the provisions of G.S. 105-466, the rate
3 change may become effective January 1, 2008. A tax levied under this act does not
4 apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B.

5 **SECTION 6.** Distribution. – The Secretary shall, on a quarterly basis,
6 allocate to New Hanover County the net proceeds of any tax levied under this act.

7 **SECTION 7.** Funds reserved to the Debt Retirement Fund. – New Hanover
8 County shall establish the Debt Retirement Fund to receive the net proceeds of a tax
9 levied under this act. The funds in the Debt Retirement Fund shall be used only in
10 accordance with this act.

11 **SECTION 8.** Use and limitation. – New Hanover County shall use the net
12 proceeds distributed to it under this act to pay down or retire debt incurred by the
13 county.

14 **SECTION 9.** Administration. – Except as provided in this act, the adoption,
15 levy, collection, administration, and repeal of these additional taxes shall be in
16 accordance with Article 39 of this Chapter. In applying the provisions of Article 39 of
17 Chapter 105 of the General Statutes to this act, references to "this Article" mean "this
18 act."

19 **SECTION 10.** Expiration. – A tax levied under this act expires four years
20 after the effective date of its levy. A county's authorization to levy a tax under this act
21 expires four years after the effective date of the first tax a county levies under this act,
22 even if the tax has not remained in effect for the entire four-year period. The expiration
23 of a tax pursuant to this act does not affect the rights or liabilities of a county, a
24 taxpayer, or another person arising under the expired tax; nor does it affect the right to
25 any refund or credit of a tax that would otherwise have been available under the expired
26 tax before its expiration. If the Secretary receives a valid request for a refund of a tax
27 levied under this act after the tax has expired and the net proceeds have been distributed,
28 the Secretary shall draw the refund from the taxing county's share of the net proceeds of
29 the tax it levies under Article 39 of this Chapter or under Chapter 1096 of the 1967
30 Session Laws, as applicable.

31 **SECTION 11.** Lump-sum or unit-price contracts. – A tax levied under this
32 act does not apply to construction materials purchased to fulfill a lump-sum or unit-
33 price contract entered into or awarded before the effective date of the levy or entered
34 into or awarded pursuant to a bid made before the effective date of the levy when the
35 construction materials would otherwise be subject to the tax levied under this act.

36 **SECTION 12.** This act is effective when it becomes law.