

March 25, 2003

H 664. LOCAL OPTION TAX MENU. TO AUTHORIZE ADDITIONAL REVENUE OPTIONS FOR LOCAL GOVERNMENTS. Authorizes counties to hold a special election on the question of whether to levy a fourth one-half cent local government sales and use tax. Amends GS 105-507 to remove its restriction as to all counties except Mecklenburg and those counties that have levied three, one-half cent local sales tax. Permits counties (other than Mecklenburg) to decide whether to restrict the use of proceeds. Specifies that Mecklenburg County must use any proceeds from a one-half cent tax to fund public transportation.

Adds new GS Ch. 105 Art. 60, to provide for other local option taxes, including a meal tax, occupancy tax and excise tax on conveyances. Authorizes the Board of Comm'rs to conduct a special election on the question of whether to levy each tax. Permits the county to decide whether to restrict the use of the tax proceeds.

Authorizes a tax of up to one percent (1%) of the sales price of prepared food and drink sold within the county by a retailer subject to the sales tax. Provides that the rate set forth in any pre-existing local act authorizing a county to levy a meal tax will remain effective. Provides that a pre-existing local act authorizing a city to levy a meal tax will be repealed if the county in which the city is located levies a tax under the new act. Exempts: (1) prepared food and drink served to residents in boarding houses and sold together with rental of a sleeping room, (2) retail sales exempt from taxation under GS 105-164.13, (3) retail sales through vending machines, (4) prepared food and drink served by a retailer subject to the local occupancy tax if the charge for the prepared food and drink is included in a single, nonitemized sales price, (5) prepared food and drink furnished by an employer to an employee and (6) retail sales of unprepared foods by grocers. Requires a refund on meal taxes paid by a nonprofit or governmental entity entitled to a refund of local sales and use taxes.

Authorizes a local government occupancy tax of a maximum rate of six percent (6%) for counties when added to the rate of any occupancy tax levied by a city within the county and three percent (3%) for cities. Provides that the maximum rate a county may levy under the act will be reduced by the maximum rate the county is authorized to levy under all pre-existing local acts and the maximum rate any city in the county can levy must not exceed a total of six percent (6%). Similarly, the maximum rate that a city can levy under the act is reduced by the maximum rate the city is authorized to levy under all pre-existing local acts and the maximum rate the county in which the city is located could otherwise levy under the act may not exceed a total of six percent (6%) when added to the maximum rate the city is authorized to levy under all local acts. Applies to gross receipts derived from the rental of a room, lodging or accommodation furnished by a hotel, inn, tourist camp, or similar place that is subject to sales tax.

Authorizes a local excise tax on conveyances to be levied at a rate of up to one percent (1%) on instruments conveying interests in real property. Requires the Board of Comm'rs to deliver a certified copy of the resolution levying the tax to the register of deeds, who is charged with administering the tax. Provides that if property is located in two or more counties, a transfer of interest in the property is taxable only by the county in which the greater value of the property lies. Requires a taxing county to distribute net proceeds between the county and the cities and towns according to the formula by which sales tax proceeds are divided. Exempts (1) transfers by operation of law, (2) by lease for a term of years, (3) pursuant to the provisions of a will, (4) by intestacy, (5) by gift, (6) for which no consideration is given, (7) by merger, conversion or consolidation, and (8) by an instrument securing indebtedness.

Intro. by Insko, Glazier.

Ref. to Finance

GS 105