

March 6, 2007

S 563. ONE-CENT LOCAL OPTION SALES TAX. Filed 3/6/07. *TO AUTHORIZE COUNTIES TO LEVY A ONE-CENT LOCAL SALES AND USE TAX FOR PUBLIC SCHOOL CAPITAL OUTLAY PURPOSES, OTHER CAPITAL INFRASTRUCTURE NEEDS, ROAD CONSTRUCTION, OR MENTAL HEALTH PROGRAMS.*

Enacts new Article 46 of GS Chapter 105 to authorize an eligible county to levy a one-cent sales and use tax in addition to the existing 2½ cent local sales and use tax under Articles 39, 40, 42, and 44. The county's board of commissioners may levy the tax by resolution only if it is approved by the voters in a referendum. Levy, collection, and administration of the tax are governed by GS Chapter 105, Article 39, except that the tax does not apply to food. Directs the Secretary of Revenue to distribute the net proceeds monthly on a point-of-origin basis; counties are not required to share the proceeds with municipalities. Counties may use the tax proceeds only for public school capital outlay purposes, other capital infrastructure needs, road construction, mental health programs, or to retire indebtedness incurred by the counties for these purposes after levying the tax. Funds are intended to increase spending for these purposes, not to supplant funding. The tax does not apply to construction contracts entered into, awarded, or bid before the effective date of its levy. Repeals GS 136-98 (prohibition of local road taxes and bonds and construction of roads by local authorities; existing contracts). Makes conforming changes to GS 105-269.14(b) (consumer use tax payable annually) effective for taxable years beginning January 1, 2008.

Intro. by Jenkins.

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