

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

H.B. 952
Apr 16, 2013
HOUSE PRINCIPAL CLERK

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HOUSE DRH70327-MC-143 (03/15)

Short Title: Delay Sales Tax Distrib. Change Effect. Date. (Public)

Sponsors: Representative Hamilton.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO DELAY THE EFFECT OF CHANGING THE DISTRIBUTION METHOD OF
3 THE FIRST ONE-CENT LOCAL GOVERNMENT SALES AND USE TAX.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 105-472(b) reads as rewritten:

6 "(b) Distribution Between Counties and Cities. – The Secretary shall divide the amount
7 allocated to each taxing county among the county and its municipalities in accordance with the
8 method determined by the county. The board of county commissioners shall, by resolution,
9 choose one of the following methods of distribution:

10 (1) Per Capita Method. – The net proceeds of the tax collected in a taxing
11 county shall be distributed to that county and to the municipalities in the
12 county on a per capita basis according to the total population of the taxing
13 county, plus the total population of the municipalities in the county. In the
14 case of a municipality located in more than one county, only that part of its
15 population living in the taxing county is considered its "total population". In
16 order to make the distribution, the Secretary shall determine a per capita
17 figure by dividing the amount allocated to each taxing county by the total
18 population of that county plus the total population of all municipalities in the
19 county. The Secretary shall then multiply this per capita figure by the
20 population of the taxing county and by the population of each municipality
21 in the county; each respective product shall be the amount to be distributed
22 to the county and to each municipality in the county. To determine the
23 population of each county and each municipality, the Secretary shall use the
24 most recent annual estimate of population certified by the State Budget
25 Officer.

26 (2) Ad Valorem Method. – The net proceeds of the tax collected in a taxing
27 county shall be distributed to that county and the municipalities in the county
28 in proportion to the total amount of ad valorem taxes levied by each on
29 property having a tax situs in the taxing county during the fiscal year next
30 preceding the distribution. For purposes of this section, the amount of the ad
31 valorem taxes levied by a county or municipality includes ad valorem taxes
32 levied by the county or municipality in behalf of a taxing district and
33 collected by the county or municipality. In addition, the amount of taxes
34 levied by a county includes ad valorem taxes levied by a merged school
35 administrative unit described in G.S. 115C-513 in the part of the unit located
36 in the county. In computing the amount of tax proceeds to be distributed to



1 each county and municipality, the amount of any ad valorem taxes levied but
2 not substantially collected shall be ignored. Each county and municipality
3 receiving a distribution of the proceeds of the tax levied under this Article
4 shall in turn immediately share the proceeds with each district in behalf of
5 which the county or municipality levied ad valorem taxes in the proportion
6 that the district levy bears to the total levy of the county or municipality.
7 Any county or municipality that fails to provide the Department of Revenue
8 with information concerning ad valorem taxes levied by it adequate to
9 permit a timely determination of its appropriate share of tax proceeds
10 collected under this Article may be excluded by the Secretary from each
11 monthly distribution with respect to which the information was not provided
12 in a timely manner, and those tax proceeds shall then be distributed only to
13 the remaining counties or municipalities, as appropriate. For the purpose of
14 computing the distribution of the tax under this subsection to any county and
15 the municipalities located in the county for any month with respect to which
16 the property valuation of a public service company is the subject of an
17 appeal and the Department of Revenue is restrained by law from certifying
18 the valuation to the county and the municipalities in the county, the
19 Department shall use the last property valuation of the public service
20 company that has been certified.

21 The board of county commissioners in each taxing county shall, by resolution adopted
22 during the month of April of each year, determine which of the two foregoing methods of
23 distribution shall be in effect in the county during the fiscal year succeeding the next
24 succeeding fiscal year. In order for the resolution to be effective, a certified copy of it must be
25 delivered to the Secretary in Raleigh within 15 calendar days after its adoption. If the board
26 fails to adopt a resolution choosing a method of distribution not then in effect in the county, or
27 if a certified copy of the resolution is not timely delivered to the Secretary, the method of
28 distribution then in effect in the county shall continue in ~~effect for the following fiscal year.~~
29 effect until a resolution changing the method of distribution for the fiscal year succeeding the
30 next succeeding fiscal year is properly adopted and delivered in compliance with this
31 subsection. The method of distribution in effect on the first of ~~July~~ day of each fiscal year shall
32 apply to every distribution made during that fiscal year. For the purpose of making
33 distributions, the fiscal year shall run from October 1 to September 30."

34 **SECTION 2.** This act is effective when it becomes law.