



Roy Cooper, Governor
State of North Carolina

GOVERNOR ROY COOPER OBJECTIONS AND VETO MESSAGE:

Senate Bill 299, "AN ACT TO INCREASE COMPLIANCE BY COUNTIES AND MUNICIPALITIES THAT FAIL TO TIMELY SUBMIT AN ANNUAL AUDIT REPORT."

It is important that local governments follow the law on auditing their finances in order to foster accountability and fiscal responsibility. While well intentioned, this legislation as written is likely to punish residents of some of our state's smallest communities. Rather than having state government seize sales taxes that are needed for local government, the North Carolina General Assembly should reconsider this legislation and provide more help for these communities to make sure they do it right rather than impose financial punishment that could make matters worse.

Therefore, I veto the bill.

A handwritten signature in black ink that reads "Roy Cooper".

Roy Cooper
Governor

The bill, having been vetoed, is returned to the Clerk of the North Carolina Senate on this the 19 day of June 2023, at 2:39 p.m. for reconsideration by that body.

RECEIVED FROM GOVERNOR
Date June 19, 2023
Time 2:39 p.m.
Signed Sarah Helled

adopted at the beginning of the fiscal year in which the withholding begins until the total cumulative withholding amount is reached. The total cumulative amount to be withheld and any schedule of withholding shall be provided by the secretary in its notification to the Secretary of Revenue. The Secretary of Revenue shall begin withholding from the county or municipality's first distribution of sales and use tax that is at least 45 days after they receive notification from the secretary.

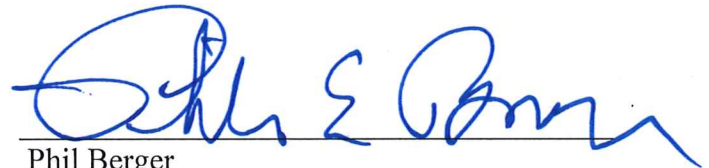
(h) When the report required under subsection (a) of this section has been filed with the secretary, reviewed to ensure compliance with the requirements of this section, and accepted by the secretary or an appeal was successful under subsection (f) of this section, the secretary must notify the Secretary of Revenue within 30 days to release the funds. The Department of Revenue must release the funds in the county or municipality's first scheduled distribution of sales tax that is at least 45 days after the earlier of the following:

- (1) Two years from the date of notification for the funds to be withheld.
- (2) The date the Secretary of Revenue receives notification from the secretary that either (i) a report complying with the requirements of this section was filed and accepted by the secretary or (ii) the county or municipality has successfully appealed action taken under subsection (g) of this section."

SECTION 2. The Local Government Commission must establish and make available the guidelines required under G.S. 159-34(f) prior to the Secretary of the Local Government Commission sending out a notice of noncompliance under G.S. 159-34(e). The Commission may establish the guidelines required under G.S. 159-34(f) prior to January 1, 2024, however, the guidelines may not become effective until on or after that date.

SECTION 3. Section 1 of this act becomes effective January 1, 2024, and applies to audits for fiscal years ending on or after June 30, 2023. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 8th day of June, 2023.



Phil Berger
President Pro Tempore of the Senate

VETO
Roy Cooper



Tim Moore
Speaker of the House of Representatives

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Date June 19, 2023

Time 2:39 p.m.

Signed Sarah Holland

Roy Cooper
Governor

Approved _____ .m. this _____ day of _____, 2023