GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

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HOUSE BILL 44

Short Title:	Modify Intangibles Reimbursement.	(Public)
Sponsors:	Representatives Cansler; Walend and Carpenter.	
Referred to:	Finance.	

February 5, 2001

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE ANNUAL REIMBURSEMENT TO LOCAL GOVERNMENTS FOR REPEAL OF THE STATE TAX ON INTANGIBLE PERSONAL PROPERTY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-275.2 reads as rewritten:

"**§ 105-275.2. Reimbursement to counties and municipalities for repeal of State tax on intangible personal property.**

(a) ~~Reimbursement for Repeal of Tax on Money on Deposit, Money on Hand, and Funds on Deposit with Insurance Companies.~~Hold Harmless Allocation. – On or before August 30 of each year, the Secretary of Revenue ~~shall allocate to each county the amount allocated to the county under this subsection in 1990.~~must allocate to the counties an amount equal to the lesser of one hundred twenty-nine million dollars ($129,000,000) or one and eight-tenths percent (1.8%) of net collections under Part 2 of Article 4 of this Chapter for the previous fiscal year. The Secretary of Revenue must allocate this amount among the counties in proportion to the total amount allocated to each county under former subsections (a), (a1), and (a2) of this section in August 2000.

(a1) Growth Allocation. – If one and eight-tenths percent (1.8%) of net collections under Part 2 of Article 4 of this Chapter for the previous fiscal year exceeds one hundred twenty-nine million dollars ($129,000,000), the Secretary of Revenue must allocate the excess among the counties as follows:

(1) The Secretary must allocate thirty percent (30%) of the excess among the counties on a pro rata basis, with each county receiving one-hundredth.

(2) The Secretary must allocate the remainder of the excess among the counties in proportion to the estimated amount of individual income tax paid annually, by county, based on the most recent 12-month period for which data are available.

~~Reimbursement for Partial Repeal of Tax on Accounts Receivable. – On or before August 30 of each year, the Secretary of Revenue shall allocate to counties an amount equal to forty percent (40%) of the tax collected on accounts receivable under former Article 7 of this Chapter (repealed) during the 1989-90 fiscal year. The Secretary shall allocate this amount among the counties in proportion to the amount allocated to each county under former G.S. 105-213 (repealed) in August 1994.~~

~~(a2) Reimbursement for Repeal of Tax on Accounts Receivable, Bonds, Stocks, and Foreign Trust Interests. – On or before August 30 of each year, the Secretary of Revenue shall allocate to counties the sum of ninety-five million three hundred thirty-one thousand nine hundred twenty-seven dollars ($95,331,927). The Secretary shall allocate this amount among the counties in proportion to the amount allocated to each county under former G.S. 105-213 (repealed) in August 1994.~~

(a3) Distribution Between County and Its Municipalities. – The amounts allocated to each county under this section shall be allocated between the county and the municipalities in the county in proportion to the total amount of ad valorem taxes levied by each during the fiscal year preceding the distribution. In dividing these amounts between each county and its municipalities, the Secretary of Revenue shall treat taxes levied by a merged school administrative unit described in G.S. 115C-513 in a part of the unit located in a county as taxes levied by the county in which that part is located.

After making these allocations, the Secretary shall certify to the State Controller and to the State Treasurer the amount to be distributed to each county and municipality in the State. The State Controller shall then issue a warrant on the State Treasurer to each county and municipality in the amount certified.

For the purpose of computing the distribution to any county and the municipalities located in the county for any year with respect to which the property valuation of a public service company is the subject of an appeal and the Department of Revenue is restrained by law from certifying the valuation to the county and the municipalities in the county, the Department shall use the last property valuation of the public service company that has been certified.

The chair of each board of county commissioners and the mayor of each municipality shall report to the Secretary of Revenue information requested by the Secretary to enable the Secretary to allocate the amount distributed by this section. If a county or municipality fails to make a requested report within the time allowed, the Secretary may disregard the county or municipality in allocating the amount distributed by this section.

(b) Restrictions on Use. – ~~The~~ Each county and municipality must use the amount distributed to ~~each county and municipality shall be used by the county or municipality~~ it under this section in proportion to property tax levies made by it for the various funds and activities of the county or municipality, unless the county or municipality has pledged the amount to be distributed to it under this section in payment of a loan agreement with the North Carolina Solid Waste Management Capital Projects Financing Agency. A county or municipality that has pledged amounts distributed under this section in payment of a loan agreement with the Agency may apply the amount the loan agreement requires.

(c) Repealed by Session Laws 1995, c. 41, s. 3.

(d) Source. – Funds distributed under this section shall be drawn from collections received under Part 2 of Article 4 of this Chapter.

(e) **(Expires September 1, 2002)** Reduction. – Each year, on or before July 15, the governing body of each county and each municipality shall notify the Secretary of the amount of taxes it collected in the preceding fiscal year from taxes on intangible personal property discovered on or after January 1, 1997, for taxable years beginning on or after July 1, 1991. The Secretary shall reduce the amount allocated to each county and municipality for distribution the following August by the amount the county or municipality reports pursuant to this subsection. If the Secretary discovers that a county or municipality failed to report any taxes as required by this subsection, the Secretary shall reduce the county or municipality's next distribution under this section by ten percent (10%).

(f) **(Expires September 1, 2003)** Additional Reduction. – Each year, on or before July 15, the governing body of each county and each municipality shall notify the Secretary of the amount of taxes it collected in the preceding fiscal year from taxes on qualified retirement facility property, as defined in G.S. 105-278.6A, discovered on or after January 1, 1998, for taxable years beginning on or after July 1, 1992. The Secretary shall reduce the amount allocated to each county and municipality for distribution the following August by one hundred ten percent (110%) of the amount the county or municipality reports pursuant to this subsection."

SECTION 2. This act becomes effective July 1, 2001.