

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE DRH80217-MC-142 (03/23)

Short Title: Modify Local Sales Tax City Distribution.

(Public)

Sponsors: Representative Hamilton.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE DISTRIBUTION BETWEEN COUNTIES AND CITIES OF
3 THE LOCAL GOVERNMENT SALES AND USE TAXES.

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 unincorporated population of the taxing county and by the population of
21 each municipality in the county; each respective product shall be the amount
22 to be distributed to the county and to each municipality in the county. To
23 determine the population of each county and each municipality, the
24 Secretary shall use the most recent annual estimate of population certified by
25 the State Budget 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. The net proceeds of the tax collected in a taxing~~
31 county shall be distributed to that county and the municipalities according to
32 each unit's proportional share. The county's proportional share is determined
33 by dividing the total amount of ad valorem taxes levied on property having a
34 tax situs in the taxing county's unincorporated area during the fiscal year
35 next preceding the distribution by the total amount of ad valorem taxes



1 levied by the county and each municipality in the county on property having
2 a tax situs in the taxing county during the fiscal year next preceding the
3 distribution. Each municipality's proportional share is determined by
4 dividing the total amount of ad valorem taxes levied on property having a
5 tax situs in the municipality during the fiscal year next preceding the
6 distribution by the total amount of ad valorem taxes levied by the county and
7 each municipality in the county on property having a tax situs in the taxing
8 county during the fiscal year next proceeding the distribution. For purposes
9 of this section, the amount of the ad valorem taxes levied by a county or
10 municipality includes ad valorem taxes levied by the county or municipality
11 in behalf of a taxing district and collected by the county or municipality. In
12 addition, the amount of taxes levied by a county includes ad valorem taxes
13 levied by a merged school administrative unit described in G.S. 115C-513 in
14 the part of the unit located in the county. In computing the amount of tax
15 proceeds to be distributed to each county and municipality, the amount of
16 any ad valorem taxes levied but not substantially collected shall be ignored.
17 Each county and municipality receiving a distribution of the proceeds of the
18 tax levied under this Article shall in turn immediately share the proceeds
19 with each district in behalf of which the county or municipality levied ad
20 valorem taxes in the proportion that the district levy bears to the total levy of
21 the county or municipality. Any county or municipality that fails to provide
22 the Department of Revenue with information concerning ad valorem taxes
23 levied by it adequate to permit a timely determination of its appropriate
24 share of tax proceeds collected under this Article may be excluded by the
25 Secretary from each monthly distribution with respect to which the
26 information was not provided in a timely manner, and those tax proceeds
27 shall then be distributed only to the remaining counties or municipalities, as
28 appropriate. For the purpose of computing the distribution of the tax under
29 this subsection to any county and the municipalities located in the county for
30 any month with respect to which the property valuation of a public service
31 company is the subject of an appeal and the Department of Revenue is
32 restrained by law from certifying the valuation to the county and the
33 municipalities in the county, the Department shall use the last property
34 valuation of the public service company that has been certified.

35 The board of county commissioners in each taxing county shall, by resolution adopted
36 during the month of April of each year, determine which of the two foregoing methods of
37 distribution shall be in effect in the county during the next succeeding fiscal year. In order for
38 the resolution to be effective, a certified copy of it must be delivered to the Secretary in Raleigh
39 within 15 calendar days after its adoption. If the board fails to adopt a resolution choosing a
40 method of distribution not then in effect in the county, or if a certified copy of the resolution is
41 not timely delivered to the Secretary, the method of distribution then in effect in the county
42 shall continue in effect for the following fiscal year. The method of distribution in effect on the
43 first of July of each fiscal year shall apply to every distribution made during that fiscal year."

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