



# HOUSE BILL 1017: Moore/Stanly Local Sales Tax Use Restriction.

2017-2018 General Assembly

|                       |  |                     |                                 |
|-----------------------|--|---------------------|---------------------------------|
| <b>Committee:</b>     | House State and Local Government II. If favorable, re-refer to Finance | <b>Date:</b>        | June 6, 2018                    |
| <b>Introduced by:</b> | Reps. Boles, McNeill   | <b>Prepared by:</b> | Trina Griffin<br>Staff Attorney |
| <b>Analysis of:</b>   | PCS to First Edition<br>H1017-CSSVxfr-50                               |                     |                                 |

**OVERVIEW:** *House Bill 1017 would modify the purposes for which Moore County may use the proceeds of the one-quarter cent local sales and use tax and would specifically identify that purpose on the ballot for approval of the tax. If approved, the proceeds of the tax may only be used for public school construction, repair, and renovation only. The county is directed not to supplant or replace existing funds for public school construction with these funds.*

*The PCS provides a similar limitation for Stanly County with the purpose being public education.*

**CURRENT LAW:** All 100 counties levy at least a 2.0% local sales and use tax. All 100 counties also have the ability to levy an additional one-quarter cent local sales and use tax, upon approval of the voters, and the proceeds may be used for any public purpose. To date, 38 counties levy this tax.

The State and local sales and use tax rate in Moore County is 6.75% (4.75% State + 2.0% local). Moore County has held two unsuccessful referenda in May of 2008 and March of 2016 in an attempt to levy the additional quarter-cent tax.

The State and local sales and use tax rate in Stanly County is also 6.75%. Stanly County has held four unsuccessful referenda in May of 2008, November of 2014, March of 2016, and November 2016 in an attempt to levy the additional quarter-cent tax.

Counties may only hold the referendum at the same time as any other State or county general election or at the same time as the primary election in any even-numbered year. The earliest that a tax could be levied under this legislation is April 1, 2019.<sup>1</sup>

**BILL ANALYSIS:** The Proposed Committee Substitute for House Bill 1017 would authorize Moore County and Stanly County to modify the ballot question for purposes of levying the one-quarter cent local sales and use tax under Article 46 of Chapter 105 of the General Statutes. In terms of the overall rate, it would not provide any additional taxing authority to either county.

For Moore County, the ballot question would be whether the voters support a one-quarter cent local sales and use tax to be used only for *public school construction, repair, and renovation purposes*. The bill directs the county not to supplant or replace existing funds or other resources for public school construction with funds from this tax.

<sup>1</sup> A rate increase may only go into effect on the first day of a calendar quarter after retailers have been given 60 days' notice; also, the local government must give the Department of Revenue 90 days' notice of the rate increase.

Karen Cochrane-Brown  
Director



H 1 0 1 7 - S M S V - 9 7 C S S V X F R - 5 0 - V - 3

Legislative Analysis  
Division  
919-733-2578

# House PCS 1017

Page 2

For Stanly County, the ballot question would be whether the voters support a one-quarter cent local sales and use tax to be used only for *public education purposes*. The bill directs the county not to supplant or replace existing funds or other resources for public education.

**EFFECTIVE DATE:** This act would become effective when it becomes law.