

NORTH CAROLINA GENERAL ASSEMBLY  
1971 SESSION

CHAPTER 108  
HOUSE BILL 73

AN ACT KNOWN AS THE EMERGENCY FINANCE ACT OF 1971.

Whereas, the Supreme Court of North Carolina on January 20, 1971, declared that Chapter 1228 of the Session Laws of 1969, (G.S. 105-164.45 through 105-164.58), as amended by Chapter 1287 of the Session Laws of 1969, is unconstitutional and void; and

Whereas, the levy of a sales and use tax of one per cent (1%) pursuant to this Act was approved by the voters of 25 counties at a special election held on November 4, 1969; and

Whereas, in reliance on the validity of the local option sales and use tax act, the governing bodies of the counties, cities, towns, sanitary districts, and other units of local government in these 25 counties adopted their annual budgets during the month of July, 1970, in the expectation that local sales tax revenues would be received throughout the fiscal year 1970-71; and

Whereas, the declaration of unconstitutionality of the local option sales and use tax act of 1969 has the effect of rendering it impossible for these affected units of local government to balance their budgets for the fiscal year 1970-71 without reducing appropriations or borrowing money to fund the deficit produced by the loss of sales tax revenues; and

Whereas, it is the policy of the General Assembly that these affected units of local government should have a choice as to whether to reduce appropriations or issue bonds or notes in order to balance their 1970-71 budgets; Now, therefore:

The General Assembly of North Carolina do enact:

**Section 1.** (a) This Act shall be known and may be cited as the Emergency Finance Act of 1971.

(b) The words and phrases defined in this section shall have the meanings indicated when used in this Act:

- (1) "Local sales tax" means the tax authorized and levied pursuant to Chapter 1228 of the Session Laws of 1969, as amended by Chapter 1287 of the Session Laws of 1969, codified in the 1969 Cumulative Supplement to Volume 2D of the General Statutes of North Carolina as G.S. 105-164.45 through G.S. 105-164.58.
- (2) "Unit of local government" means any county whose voters approved levy of the local sales tax on November 4, 1969, and any city, town, incorporated village, special district, or other unit of local government wholly or partially located within any such county and qualified under G.S. 105-164.45 through G.S. 105-164.58 to receive local sales tax allocations.

**Sec. 2.** Notwithstanding the provisions of the County Fiscal Control Act, the Municipal Fiscal Control Act, the Machinery Act, or any other laws whether general, special, private, or local, pertaining to the adoption of budgets and the levy of property taxes, any unit of local government receiving local sales tax allocations during the fiscal year 1970-71 pursuant to G.S. 105-164.45 through G.S. 105-164.58 is hereby authorized to (i) make any amendments in any appropriation or revenue item in any fund, (ii) reduce appropriations or (iii) transfer revenues other than property taxes from one fund to another, in order to balance its

1970-71 budget after eliminating unrealized local sales tax revenues estimated to be received during the fiscal year 1970-71.

**Sec. 3.** The General Assembly hereby declares that a deficit in the 1970-71 budget of any unit of local government produced by the unit's actual or anticipated failure to realize local sales tax revenues during the fiscal year 1970-71 (pursuant to G.S. 105-164.45 through G.S. 105-164.58) within the revenue estimates made in good faith and in reliance on the validity of the Local Option Sales and Use Tax Act when the budget was adopted is a casual deficit within the meaning of Article V, Section 4, of the Constitution. Upon a determination by the governing body of any unit of local government of the amount of its casual deficit resulting or anticipated during the fiscal year 1970-71 from the loss of local sales tax revenues, any such unit in order to supply such casual deficit may under and pursuant to The County Finance Act, The Municipal Finance Act, 1921, the Local Government Act and any other law, whether general, special, private or local, governing the authorization and issuance of bonds and notes of any such unit, issue, prior to January 1, 1972, bonds, or notes in anticipation of the receipt of the proceeds of bonds, in a principal amount not exceeding the amount of the deficit so determined; provided, however, that any such bonds or notes shall mature in such installments and at such times, not more than 10 and 5 years from July 1, 1971, for bonds and notes, respectively, as shall be determined by the governing body and shall not, in any respect, be subject to, or be considered in determining compliance with, any statutory debt limitation or restriction, including, without limitation, G.S. 153-84, 153-87 and 160-383, insofar as such limitation or restriction may have application to such bonds or notes or any other bonds or notes of the unit. The special approval of the General Assembly is hereby given to the issuance by counties of bonds and notes to supply such a casual deficit, and to the levy of property taxes for the payment of such bonds and notes and the interest thereon. Pursuant to the Constitution, voter approval shall not be required for bonds or notes issued under the authority of this section, nor shall such bonds or notes be subject to petitions for referendum. The citation herein to the North Carolina Constitution refers to the section designated before the adoption of revisions by the voters on November 3, 1970, which document controls on the effective date of this Act.

**Sec. 4.** All laws and clauses of laws in conflict with this Act are hereby repealed.

**Sec. 5.** This Act shall be effective upon its ratification.

In the General Assembly read three times and ratified, this the 23rd day of March, 1971.