

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**SENATE DRS35316-ST-18 (02/06)**

Short Title: School Supplement Tax.

(Public)

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Sponsors: Senator Dalton.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO INCLUDE SUPPLEMENTAL AD VALOREM TAXES LEVIED BY  
COUNTIES IN THE CALCULATION OF EFFECTIVE COUNTY TAX RATE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 115C-546.2 reads as rewritten:

**"§ 115C-546.2. Allocations from the Fund; uses; expenditures; reversion to  
General Fund; matching requirements.**

(a) Monies in the Fund shall be allocated to the counties on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education. Interest earned on funds allocated to each county shall be allocated to that county.

(b) Counties shall use monies in the Fund for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings and for the purchase of land for public school buildings; for equipment to implement a local school technology plan that is approved pursuant to G.S. 115C-102.6C; or for both. Monies used to implement a local school technology plan shall be transferred to the State School Technology Fund and allocated by that Fund to the local school administrative unit for equipment.

As used in this section, "public school buildings" only includes facilities for individual schools that are used for instructional and related purposes and does not include centralized administration, maintenance, or other facilities.

In the event a county finds that it does not need all or part of the funds allocated to it for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings, for the purchase of land for public school buildings, or for equipment to implement a local school technology plan, the unneeded funds allocated to that county may be used to retire any indebtedness incurred by the county for public school facilities.

1 In the event a county finds that its public school building needs and its school  
2 technology needs can be met in a more timely fashion through the allocation of financial  
3 resources previously allocated for purposes other than school building needs or school  
4 technology needs and not restricted for use in meeting public school building needs or  
5 school technology needs, the county commissioners may, with the concurrence of the  
6 affected local Board of Education, use those financial resources to meet school building  
7 needs and school technology needs and may allocate the funds it receives under this  
8 Article for purposes other than school building needs or school technology needs to the  
9 extent that financial resources were redirected from such purposes. The concurrence  
10 described herein shall be secured in advance of the allocation of the previously  
11 unrestricted financial resources and shall be on a form prescribed by the Local  
12 Government Commission.

13 (c) Monies in the Fund allocated for capital projects shall be matched on the  
14 basis of one dollar of local funds for every three dollars of State funds. Monies in the  
15 Fund transferred to the State Technology Fund do not require a local match.

16 Revenue received from local sales and use taxes that is restricted for public school  
17 capital outlay purposes pursuant to G.S. 105-502 or G.S. 105-487 may be used to meet  
18 the local matching requirement. Funds expended by a county after July 1, 1986, for land  
19 acquisition, engineering fees, architectural fees, or other directly related costs for a  
20 public school building capital project that was not completed prior to July 1, 1987, may  
21 be used to meet the local match requirement.

22 (d) Monies transferred into the Fund in accordance with Chapter 18C of the  
23 General Statutes shall be allocated for capital projects for school construction projects  
24 as follows:

25 (1) A sum equal to sixty-five percent (65%) of those monies transferred in  
26 accordance with G.S. 18C-164 shall be allocated on a per average  
27 daily membership basis according to the average daily membership for  
28 the budget year as determined and certified by the State Board of  
29 Education.

30 (2) A sum equal to thirty-five percent (35%) of those monies transferred in  
31 accordance with G.S. 18C-164 shall be allocated to those local school  
32 administrative units located in whole or part in counties in which the  
33 effective county tax rate as a percentage of the effective State average  
34 tax rate is greater than one hundred percent (100%), with the following  
35 definitions applying to this subdivision:

36 a. "Effective county tax rate" means the actual county tax ~~rate~~  
37 rate, including any countywide supplemental taxes levied for  
38 the benefit of public schools, multiplied by a three-year  
39 weighted average of the most recent annual sales assessment  
40 ratio studies.

41 b. "State average effective tax rate" means the average effective  
42 county tax rates for all counties.

- 1                   c.     "Sales assessment ratio studies" means sales assessment ratio  
2                   studies performed by the Department of Revenue under  
3                   G.S. 105-289(h).  
4           (3)    No county shall have to provide matching funds required under  
5           subsection (c) of this section.  
6           (4)    A county may use monies in this Fund to pay for school construction  
7           projects in local school administrative units and to retire indebtedness  
8           incurred for school construction projects incurred on or after January  
9           1, 2003.  
10          (5)    A county may not use monies in this Fund to pay for school  
11          technology needs."  
12          **SECTION 2.** This act is effective when it becomes law.