



Bulletin #05-32

Thursday, Sept. 1, 2005

THE END IS NEAR(ER), OR THIS TIME WE REALLY MEAN IT

Presiding officers in both the House and Senate announced this week their plans to finally adjourn the 2005 Legislative Session on Friday, Sept. 2. The announcements followed sessions early in the week during which the House took up a number of bills and the Senate voted to enact a statewide lottery (see below). Bills to authorize a number of legislative studies and to enact a series of “technical” corrections to earlier legislation were not enacted during the last days of the session.

LOTTERY APPROVED

With Lt. Gov. Beverly Perdue casting the tie-breaking vote on Tuesday, Aug. 30, the Senate approved [H1023](#), legislation to authorize a statewide lottery in North Carolina. The bill was immediately ratified and signed by the governor.

As amended by Section 31.1 of the Budget Bill, [S622](#) or Session Law 2005-276, the lottery’s net proceeds will be earmarked for school construction and other educational purposes. Of the expected \$300 million net revenues – gross receipts less prizes, an allocation to the Education Lottery Reserve Fund and funds allocated to compensate retailers and pay expenses – 50 percent will be allocated to reduce class size in early grades, 10 percent to fund college and university scholarships and 40 percent to the Public School Building Capital Fund for school construction.

Of the funds allocated for school construction, 65 percent are to be allocated to local school units on the basis of Average Daily Membership and 35 percent are to be “allocated to those local school administrative units located in whole or part in counties in which the effective county tax rate as a percentage of the effective state average tax rate is greater than one hundred percent (100%).” The effective county tax rate is defined as the actual tax rate multiplied by a three-year weighted average of the most recent annual sales assessment ratio studies.

SENATE RECEIVES SALES TAX BILLS, NO ACTION TAKEN

The Senate this week received three bills approved by the House that would authorize local referenda to approve one-half cent sales taxes with proceeds to be used for school construction. The three bills are:

- [H756](#), applying to Chatham, Lee, Franklin and Vance. This bill would allow local option sales tax proceeds to be spent for Public School Capital Outlay or related debt service and would require the county to continue to spend the same amount of money it would have spent for these purposes if it had not levied the tax.

- [H1050](#), applying to Pitt, Martin, Davie, Buncombe, Chatham, Anson, Union, Vance, Duplin, Surry, Cumberland and Davidson counties. This bill would allow local option sales tax proceeds to be used for Public School Capital Outlay or Community College Plant Fund purposes or related debt service. The county would have to continue to spend for these purposes the same amount it would have spent if it had not levied the tax.
- [H947](#), applying to Alexander, Beaufort, Bladen, Camden, Carteret, Catawba, Columbus, Craven, Currituck, Edgecombe, Granville, Guilford, Halifax, Jackson, Johnston, Jones, Lenoir, Mecklenburg, Montgomery, Nash, Pamlico, Pasquotank, Pender, Richmond, Sampson, Stanly, Swain, Tyrrell, Wake and Wilson counties. This bill would allow local option sales tax proceeds to be used for Public School Capital Outlay or Community College Plant Fund or related debt service and would require the county to continue to spend for these purposes the same amount if would have spent if it had not levied the tax.

The Senate is not expected to take up these bills until the convening of the 2006 regular session on May 9, 2006.

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