

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2025**

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**SENATE BILL 131**  
**Finance Committee Substitute Adopted 4/9/25**  
**Third Edition Engrossed 4/15/25**

Short Title: Temp. Local Sales Tax Changes/Buncombe Co.

(Local)

Sponsors:

Referred to:

February 24, 2025

A BILL TO BE ENTITLED  
AN ACT TO TEMPORARILY MODIFY BUNCOMBE COUNTY'S USE OF ONE-HALF OF  
ARTICLE 39 LOCAL SALES AND USE TAX PROCEEDS TO INCLUDE BOTH  
SCHOOL CAPITAL OUTLAY AND SCHOOL OPERATING EXPENSES AND TO  
MAKE TECHNICAL CHANGES TO THE BUNCOMBE SCHOOL CAPITAL FUND  
COMMISSION.

The General Assembly of North Carolina enacts:

**TEMPORARILY MODIFY DISTRIBUTION AND USE OF ONE-HALF OF THE NET  
PROCEEDS FROM THE FIRST ONE CENT OF LOCAL SALES AND USE TAX  
ALLOCATED TO BUNCOMBE COUNTY**

**SECTION 1.(a)** Notwithstanding Section 6 of Chapter 134 of the 1983 Session Laws, as amended by Chapter 534 of the 1983 Session Laws and S.L. 2016-19, directing that one-half of the local government sales and use tax revenue be distributed to the School Capital Fund Commission for Buncombe County (Commission), the Secretary of Revenue shall distribute one hundred percent (100%) of the net proceeds of the local government sales and use tax revenue collected by Buncombe County under Article 39 of Chapter 105 of the General Statutes in accordance with G.S. 105-472 using the ad valorem method of distribution. Notwithstanding the provision in G.S. 105-472 allowing counties to change the method of distribution, Buncombe County is not permitted to change the method of distribution for any year for which the distribution and use provisions of this act apply.

**SECTION 1.(b)** Notwithstanding the use provisions in Sections 9 through 12 of Chapter 134 of the 1983 Session Laws, as amended by Chapter 534 of the 1983 Session Laws and S.L. 2016-19, and applicable to the funds distributed to the Commission, Buncombe County shall use the net proceeds of the local government sales and use tax revenue collected under Article 39 of Chapter 105 of the General Statutes and allocated to Buncombe County under subsection (a) of this section as follows:

- (1) Fifty percent (50%) for school capital outlay purposes, as defined in G.S. 115C-426(f), or to retire any indebtedness incurred by the County for these purposes, and for school operating expenses. The Commission shall serve in an advisory capacity to the Buncombe County Board of County Commissioners with respect to the use of funds under this subdivision for school capital outlay purposes by considering the capital needs of both the Buncombe County School System and the Asheville City School System, prioritizing those needs, and recommending projects to be funded. However,



the use of funds under this subdivision shall not be under the control of the Commission and shall be determined by the board of commissioners.

(2) Fifty percent (50%) for any public purpose.

**SECTION 1.(c)** This section applies only to Buncombe County.

**SECTION 1.(d)** This section is effective when it becomes law and applies to net proceeds distributed to Buncombe County by the Secretary of Revenue under Article 39 of Chapter 105 of the General Statutes on or after July 1, 2025, and expires on June 30, 2027.

## **MAKE TECHNICAL CHANGES TO BUNCOMBE SCHOOL CAPITAL FUND COMMISSION**

**SECTION 2.(a)** Chapter 134 of the 1983 Session Laws, as amended by Chapter 534 of the 1983 Session Laws and S.L. 2016-19, is rewritten and recodified as subsections (b) through (m) of this section.

**SECTION 2.(b)** There is hereby created a Commission to be known as the School Capital Fund Commission for Buncombe County, which Commission shall have and possess all the powers conferred by this act and such other powers as may be useful or necessary to permit it fully to carry out the purposes of this act. The Commission is hereby declared to be a corporation with perpetual succession, the right to adopt and use a corporate seal, to sue and to be sued, and to hold, manage and control the moneys and properties received by it under the provisions of this act. It shall have the right to make reasonable rules and regulations for the conduct of its business.

**SECTION 2.(c)** The Commission shall consist of five members. Members of the Commission shall serve two-year terms and shall be appointed as follows: one appointed by the Asheville City Board of Education, one appointed by the Buncombe County Board of Education, two appointed by the Buncombe County Board of Commissioners, and one appointed by the other four appointees. A member appointed by a local governing board or a school board shall serve at the pleasure of that board. The member appointed by the other appointees shall serve at the pleasure of the majority of the other appointees. Any vacancy shall be filled by the appointing authority of the member creating the vacancy to fill the unexpired term.

**SECTION 2.(d)** A quorum shall be three members of the Commission.

**SECTION 2.(e)** The Commission shall organize, adopt bylaws or rules and regulations to govern its procedure and the conduct of the business and affairs of the Commission and appoint a chairman and vice-chairman from among its membership who shall serve a one-year term and appoint a secretary for a one-year term and until their successors are appointed by the Commission. The finance officer for Buncombe County shall be the finance officer of the Commission. The county finance officer shall give bond for the faithful performance of his duties as the finance officer of the Commission in an amount determined by the Commission. The finance officer of the Commission shall manage the funds of the Commission only as directed by the Commission. The Commission may select and appoint an attorney of the Commission to serve at the pleasure of the Commission. The Commission may fix the compensation for the attorney.

**SECTION 2.(f)** Regular or stated meetings of the Commission shall be held at such time and place as may be provided by the Commission in its bylaws or rules and regulations, and special meetings may be held on the call of the chairman after due notice.

**SECTION 2.(g)** One-half of any local government sales and use tax revenue distributed to Buncombe County under G.S. 105-472 shall be paid to the Commission by the Secretary of Revenue; provided that if distribution of the local government sales and use tax revenue is made under G.S. 105-472(2), (the ad valorem method), then taxing districts shall receive their funds under G.S. 105-472(2) as if no funds had been paid to the Commission by the Secretary of Revenue, and in computing what amount is one-half of the sales and use tax revenue, the Secretary of Revenue shall not reduce the total by the amount to be distributed to the taxing

districts. This section does not affect the distribution of any local or State sales and use tax revenue to the municipalities in Buncombe County.

**SECTION 2.(h)** Any other capital funds appropriated by Buncombe County pursuant to Article 40 and Article 42 of Chapter 105 of the General Statutes shall be apportioned among the Asheville City Board of Education and the Buncombe County Board of Education according to the membership of each unit using the process set forth in G.S. 115C-430. Buncombe County shall maintain separate internal accounts for each school board in order to comply with this section. These funds are not under the control of the School Capital Fund Commission.

**SECTION 2.(i)** All funds received by the Commission under subsection (g) of this section shall be placed in a capital reserve fund as provided in Part 2 of Article 3 of Chapter 159 of the General Statutes. The capital reserve fund shall be known as the Public School Capital Needs Fund.

**SECTION 2.(j)** All funds in the Public School Capital Needs Fund shall be used to finance new public school construction, to finance public school improvement and renovation projects that exceed one hundred thousand dollars (\$100,000), or to retire any indebtedness incurred by the county for these purposes.

The Commission shall consider the capital needs of both the Buncombe County School System and the Asheville City School System, prioritize those needs, and recommend projects to be funded from the Public School Capital Needs Fund to the board of county commissioners based on the priority of needs determined.

By joint agreement of the Board of County Commissioners and both boards of education, money may be transferred from the account under this section of one board of education to the account under this section of the other board of education, provided that the agreement must require a transfer back of an equal amount of funds at some fixed date in the future, plus a sum to be determined at that date which represents interest which would have accrued on the funds if they had remained in the first account.

**SECTION 2.(k)** Moneys in the Public School Capital Needs Fund shall be subject to appropriation by the board of county commissioners. The Commission shall disburse such moneys as a ministerial duty upon receiving a written request from the board of county commissioners after the county board of commissioners has adopted an ordinance and after receipt of a written request from the appropriate board of education indicating it is prepared to enter into a contract, and G.S. 115C-521 shall continue to apply.

**SECTION 2.(l)** Notwithstanding any other provision of this act, if the Buncombe County Board of Commissioners appropriates any federal revenue sharing funds to the Commission for the purpose of substituting revenue sharing funds for sales tax funds, then it must at the same time appropriate from the Commission to the county an equal amount of funds received under subsection (g) of this section to be used for such purposes as the Board of Commissioners shall deem appropriate and are otherwise authorized by law, provided that such federal revenue sharing funds shall be divided pro rata under subsection (j) of this section.

**SECTION 2.(m)** The reasonable and necessary expenses of the Commission, including the compensation of its officers and employees and the cost of any bond required by it, shall be paid by the County of Buncombe. The chairman of the Commission shall, on or about the first day of each calendar month, certify to the governing body of Buncombe County the expenses of the Commission incurred during the preceding month, and the governing body of the county shall forthwith, and within five days thereafter, cause to be paid to the Commission the expenses required to be paid. All such payments shall be charged to the general fund of the county.

## **EFFECTIVE DATE**

1           **SECTION 3.** Except as otherwise provided, this act is effective when it becomes  
2 law.