

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 322

Short Title: Sales Tax Exemption for Schools. (Public)

Sponsors: Senators Clodfelter; Albertson, Allran, Apodaca, Atwater, Berger of Franklin, Bingham, Blake, Boseman, Brown, Cowell, Dannelly, Dorsett, Garwood, Goodall, Graham, Hartsell, Holloman, Jacumin, Jenkins, Lucas, Pittenger, Presnell, Purcell, Rand, Snow, Stevens, Swindell, Thomas, Tillman, and Weinstein.

Referred to: Finance.

March 3, 2005

1 A BILL TO BE ENTITLED
2 AN ACT TO PROMOTE EFFICIENCY IN GOVERNMENT BY ALLOWING A
3 SALES AND USE TAX EXEMPTION FOR LOCAL GOVERNMENT UNITS
4 RATHER THAN A SALES AND USE TAX REFUND.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-164.13 is amended by adding a new subdivision to
7 read:

8 "**§ 105-164.13. Retail sales and use tax.**

9 The sale at retail and the use, storage, or consumption in this State of the following
10 tangible personal property and services are specifically exempted from the tax imposed
11 by this Article:

12 ...

13 (52a) Items subject to sales and use tax under G.S. 105-164.4, other than
14 electricity and telecommunications service, if all of the following
15 conditions are met:

16 a. The items are purchased by a local government unit for its
17 own use and in accordance with G.S. 105-164.29B.

18 b. The items are purchased pursuant to a valid purchase order
19 issued by the local government unit that contains the
20 exemption number of the unit and a description of the
21 property purchased, or the items purchased are paid for with
22 a check, electronic deposit, credit card, procurement card, or
23 credit account of the local government unit.

1 c. For all purchases other than by a purchase order issued by
2 the local government unit, the unit must provide to or have
3 on file with the retailer the unit's exemption number."

4 **SECTION 2.** Part 5 of Article 5 of Chapter 105 of the General Statutes is
5 amended by adding a new section to read:

6 **"§ 105-164.29B. Local government unit exemption process.**

7 (a) Application. – To be eligible for the exemption provided in
8 G.S. 105-164.13(52a), a local government unit must obtain from the Department a sales
9 tax exemption number. The application for exemption must be in the form required by
10 the Secretary, be signed by the local government unit's head, and contain any
11 information required by the Secretary. The Secretary must assign a sales tax exemption
12 number to a local government unit that submits a proper application.

13 (b) Liability. – A local government unit that does not use the items purchased
14 with its exemption number must pay the tax that should have been paid on the items
15 purchased, plus interest calculated from the date the tax would otherwise have been
16 paid.

17 (c) Definition. – For purposes of this section only, a 'local government unit'
18 means a local school administrative unit, a county, or a city as defined in G.S. 160A-1."

19 **SECTION 3.** This act is effective when it becomes law.