

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2509
Committee Substitute Favorable 6/19/08
Third Edition Engrossed 6/24/08
Senate Finance Committee Substitute Adopted 7/10/08

Short Title: Sales Tax Refund for Certain Nonprofits.

(Public)

Sponsors:

Referred to:

May 26, 2008

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE A SEMIANNUAL SALES AND USE TAX REFUND TO
2 A NONPROFIT ORGANIZATION THAT PROCURES, DESIGNS,
3 CONSTRUCTS, OR PROVIDES FACILITIES TO A CONSTITUENT
4 INSTITUTION OF THE UNIVERSITY OF NORTH CAROLINA.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-164.14(b) reads as rewritten:

7 "(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity included in the
8 following list is allowed a semiannual refund of sales and use taxes paid by it under this
9 Article on direct purchases of tangible personal property and services, other than
10 electricity, telecommunications service, and ancillary service, for use in carrying on the
11 work of the nonprofit entity:

- 12 (1) Hospitals not operated for profit, including hospitals and medical
13 accommodations operated by an authority created under the Hospital
14 Authorities Law, Article 2 of Chapter 131E of the General Statutes.
15 (2) Educational institutions not operated for profit.
16 (3) Churches, orphanages, and other charitable or religious institutions and
17 organizations not operated for profit.
18 (4) Qualified retirement facilities whose property is excluded from
19 property tax under G.S. 105-278.6A.
20 (5) A university affiliated nonprofit organization that procures, designs,
21 constructs, or provides facilities to, or for use by, a constituent
22 institution of The University of North Carolina. For purposes of this
23 subdivision, a nonprofit organization includes an entity exempt from
24 taxation as a disregarded entity of the nonprofit organization.

25 Sales and use tax liability indirectly incurred by a nonprofit entity on building
26 materials, supplies, fixtures, and equipment that become a part of or annexed to any
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1 building or structure that is owned or leased by the nonprofit entity and is being erected,
2 altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities
3 is considered a sales or use tax liability incurred on direct purchases by the nonprofit
4 entity.

5 A hospital that is not allowed a refund under this subsection of sales and use taxes
6 paid on its direct purchases of tangible personal property is allowed a semiannual refund
7 of sales and use taxes paid by it on medicines and drugs purchased for use in carrying
8 out its work.

9 The refunds allowed under this subsection for certain nonprofit entities and for
10 medicines and drugs purchased by hospitals do not apply to organizations, corporations,
11 and institutions that are owned and controlled by the United States, the State, or a unit
12 of local government, except hospital facilities created under Article 2 of Chapter 131E
13 of the General Statutes and nonprofit hospitals owned and controlled by a unit of local
14 government that elect to receive semiannual refunds under this subsection instead of
15 annual refunds under subsection (c).

16 A request for a refund must be in writing and must include any information and
17 documentation required by the Secretary. A request for a refund for the first six months
18 of a calendar year is due the following October 15; a request for a refund for the second
19 six months of a calendar year is due the following April 15."

20 **SECTION 2.** This act becomes effective January 1, 2004, and applies to
21 purchases made on or after that date. Notwithstanding G.S. 105-164.14(b), a request for
22 a refund of sales and use tax paid for the period January 1, 2004, through December 31,
23 2007, is timely filed if it is submitted to the Secretary of Revenue by October 15, 2008.