

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS85147-MC-65 (2/20)

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

Sponsors: Senator Clodfelter.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROMOTE EFFICIENCY IN GOVERNMENT BY ALLOWING A
SALES AND USE TAX EXEMPTION FOR LOCAL GOVERNMENT UNITS.

The General Assembly of North Carolina enacts:

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

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

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

...

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

- a. The items are purchased by a local government unit for its
own use and in accordance with G.S. 105-164.29B.
- b. The items are purchased pursuant to a valid purchase order
issued by the local government unit that contains the
exemption number of the unit and a description of the
property purchased, or the items purchased are paid for with
a check, electronic deposit, credit card, procurement card, or
credit account of the local government unit.
- c. For all purchases other than by a purchase order issued by
the local government unit, the unit must provide to or have
on file with the retailer the unit's exemption number."

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

1 **"§ 105-164.29B. Local government unit exemption process.**

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

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

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

14 **SECTION 3.** Section 1 of this act becomes effective July 1, 2007, and
15 applies to sales made on or after that date. The remainder of this act is effective when it
16 becomes law.