

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 111

Short Title: Government Sales Tax Exemption.

(Public)

Sponsors: Representatives Allen; Alexander, Arnold, Barefoot, Blue, Bonner, Buchanan, Cansler, Coates, Davis, Dockham, Edwards, Esposito, Goodwin, Grady, Haire, Hilton, Hurley, Jeffus, Johnson, Luebke, McMahan, Miner, Mitchell, Morris, Owens, Pope, Preston, Rogers, Setzer, Tolson, Wainwright, Warner, Weatherly, and Weiss.

Referred to: Finance.

February 14, 2001

A BILL TO BE ENTITLED

1 AN ACT TO EXEMPT CERTAIN GOVERNMENT PURCHASES FROM STATE
2 AND LOCAL SALES TAX AND TO ALLOW A SALES TAX REFUND TO
3 COMMUNITY COLLEGES.
4

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 "(47) Items subject to sales and use tax under G.S. 105-164.4, other than
9 items taxed under G.S. 105-164.4(a)(4a) and G.S. 105-164.4(a)(4c), if
10 all of the following conditions are met:

11 a. The items are purchased by a local government unit, as defined
12 in G.S. 105-164.29A, for its use.

13 b. The items purchased are paid for by a check, credit card,
14 procurement card, or credit account of the local government
15 unit.

16 c. The items are purchased pursuant to a signed purchase order of
17 the local government unit that contains the exemption number
18 of the unit and a description of the property purchased."

19 **SECTION 2.** G.S. 105-164.14(c) is amended by adding a new subdivision to
20 read:

21 "(c) Certain Governmental Entities. – A governmental entity listed in this
22 subsection is allowed an annual refund of sales and use taxes paid by it under this
23 Article, except under G.S. 105-164.4(a)(4a) and G.S. 105-164.4(a)(4c), on direct
24 purchases of tangible personal property. Sales and use tax liability indirectly incurred by

1 a governmental entity on building materials, supplies, fixtures, and equipment that
2 become a part of or annexed to any building or structure that is owned or leased by the
3 governmental entity and is being erected, altered, or repaired for use by the
4 governmental entity is considered a sales or use tax liability incurred on direct
5 purchases by the governmental entity for the purpose of this subsection. A request for a
6 refund must be in writing and must include any information and documentation required
7 by the Secretary. A request for a refund is due within six months after the end of the
8 governmental entity's fiscal year.

9 This subsection applies only to the following governmental entities:

10 ...

11 (23) An institution of the Community Colleges System established in
12 Chapter 115D of the General Statutes."

13 **SECTION 3.** Part 5 of Article 5 of Chapter 105 of the General Statutes is
14 amended by adding a new section to read:

15 **"§ 105-164.29A. Local government exemption process.**

16 (a) Definitions. – The following definitions apply in this section:

17 (1) Finance officer. – Any of the following:

18 a. The finance officer of a county or a city.

19 b. The school finance officer of a local school administrative unit.

20 c. A bonded official of a community college designated by a
21 resolution of the board of trustees of the community college.

22 (2) Local government unit. – Any of the following:

23 a. **(Effective July 1, 2002)** A local school administrative unit.

24 b. **(Effective July 1, 2002)** An institution of the Community
25 Colleges System established in Chapter 115D of the General
26 Statutes.

27 c. **(Effective July 1, 2003)** A county.

28 d. **(Effective July 1, 2004)** A city as defined in G.S. 160A-1.

29 (b) Application. – To be eligible for the exemption provided in
30 G.S. 105-164.13(47), a local government unit must obtain from the Department of
31 Revenue a sales tax exemption number. The application for exemption must be in the
32 form required by the Secretary, be signed by the local government unit's finance officer,
33 and contain any information required by the Secretary. The Secretary must assign a
34 sales tax exemption number to a local government unit that submits a proper
35 application.

36 (c) Liability. – A local government unit that does not use the items purchased
37 with its exemption number must pay the tax that should have been paid on the items
38 purchased, plus interest calculated from the date the tax would otherwise have been
39 paid."

40 **SECTION 4.** G.S. 105-164.29A(a)(2)c., as enacted by Section 3 of this act,
41 becomes effective July 1, 2003, and applies to taxes paid on or after that date.
42 G.S. 105-164.29A(a)(2)d., as enacted by Section 3 of this act, becomes effective July 1,
43 2004, and applies to taxes paid on or after that date. The remainder of this act becomes
44 effective July 1, 2002, and applies to taxes paid on or after that date.