

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL DRS35243-MCf-153

Short Title: Prevent Highway to General Fund Transfers. (Public)

Sponsors: Senators Rabon, J. Davis, and McInnis (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENSURE THAT FUNDS USED FOR HIGHWAY CONSTRUCTION AND  
3 MAINTENANCE ARE NOT INADVERTENTLY DIVERTED TO THE GENERAL  
4 FUND.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 105-164.13 reads as rewritten:

7 "§ 105-164.13. Retail sales and use tax.

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

11 ...

12 (61a) The sales price of or the gross receipts derived from the repair, maintenance,  
13 and installation services and service contracts listed in this subdivision are  
14 exempt from tax. Except as otherwise provided in this subdivision, property  
15 and services used to fulfill either a repair, maintenance, or installation service  
16 or a service contract exempt from tax under this subdivision are taxable. The  
17 list of repair, maintenance, and installation services and service contracts  
18 exempt from tax under this subdivision is as follows:

19 ...

20 e. Services on roads, driveways, parking lots, and sidewalks.  
21 and roads, including services performed within the rights-of-way of  
22 roads where related to road construction, maintenance, or repair.

23 ...

24 (71) Services provided and property leased or rented as part of a contract to provide  
25 the following with respect to driveways, parking lots, sidewalks, roads, and  
26 rights-of-way of roads:

27 a. Lane closure and traffic diversion services.

28 b. Flagging services.

29 c. Rental and installation of road signs or signals, arrowboards, work  
30 zone lighting and light towers, and radar speed devices.

31 d. Rental and installation of barrier devices, including cones, barrels,  
32 sentry walls, and guardrails."

33 SECTION 2. G.S. 105-164.14 is amended by adding a new subsection to read:

34 "(e1) Department of Transportation. – The Department of Transportation is allowed an  
35 annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible  
36 personal property and services. Sales and use tax liability indirectly incurred by the Department



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1 on building materials, supplies, fixtures, and equipment that become a part of or annexed to any  
2 building or structure owned or leased by the Department and erected, altered, or repaired for use  
3 by the Department is considered a sales or use tax liability incurred on direct purchases by the  
4 Department for purposes of this subsection. The administrative procedures specified in  
5 subsection (e) of this section apply to a refund under this subsection."

6       **SECTION 3.** This act becomes effective July 1, 2019, and applies to sales made on  
7 or after that date.