

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1989**

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**1**

HOUSE BILL 1936

Short Title: Salaries/Educ. Study; Facilities/Tax.

(Public)

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Sponsors: Representative Watkins.

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Referred to: Public Employees.

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May 10, 1989

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE ADDITIONAL FUNDS FOR A PAY INCREASE FOR  
2 STATE EMPLOYEES AND TEACHERS, TO PROVIDE ADDITIONAL FUNDS  
3 FOR SCHOOL FACILITIES, AND TO RAISE THE SALES TAX FOR TWO  
4 YEARS TO PAY FOR THE SAME, AND TO CREATE THE STUDY  
5 COMMISSION ON THE FUTURE OF EDUCATION IN ORDER TO PROVIDE  
6 PERMANENT FINANCING FOR THE FUTURE OF EDUCATION.  
7

8       Whereas, the recent education initiatives in North Carolina were  
9 recommended and begun as a result of a blue ribbon study commission appointed by  
10 Governor James B. Hunt and an education policy and goals commission appointed by  
11 the Speaker of the House of Representatives and the Lieutenant Governor; and

12       Whereas, these initiatives and goals include the Basic Education Plan, the  
13 Lead Teacher Program, Dropout Prevention Programs, efforts to improve instruction  
14 and raise test scores, and other initiatives and goals; and

15       Whereas, ideas and concepts have already been developed to accomplish  
16 many of these initiatives and goals and some of these have already been tried in pilot  
17 programs and others are still being tried; and

18       Whereas, at this point it is advisable to determine which of the education  
19 initiatives and goals developed in recent years have proven themselves to be worthwhile  
20 and to determine whether and how these initiatives and goals should be implemented to  
21 improve the quality of education in North Carolina and become a part of North  
22 Carolina's future education system; and

23       Whereas, major new initiatives in education and major improvements in the  
24 quality of education in North Carolina cannot be successfully undertaken without the

1 advice of and the informed and active support of the entire State, including legislators,  
2 business people, educators, and the public at large; and

3         Whereas, it is advisable that the General Assembly create a Commission  
4 made up of legislators, business people, educators, and the public at large and that this  
5 Commission hold public hearings throughout the State on these new initiatives and  
6 goals; and

7         Whereas, it is further advisable that such a Commission determine which of  
8 the new initiatives and goals should become a permanent part of our education system,  
9 when and how they should become a permanent part of our education system, and what  
10 should be a permanent source of funding for them; Now, therefore,

11 The General Assembly of North Carolina enacts:

12 **PART I—CREATION OF COMMISSION**

13         Section 1.1. The Study Commission on the Future of Education is created.  
14 The Commission shall be located administratively within the Department of Public  
15 Education. The Commission shall consist of 48 members appointed as follows:

16         (1) Three legislators, three educators, three representatives of business or  
17 industry, and three citizens who are none of the above, appointed by  
18 the Governor;

19         (2) Three legislators, three educators, three representatives of business or  
20 industry, and three citizens who are none of the above, appointed by  
21 the State Superintendent of Public Instruction;

22         (3) Three legislators, three educators, three representatives of business or  
23 industry, and three citizens who are none of the above, appointed by  
24 the President Pro Tempore of the Senate; and

25         (4) Three legislators, three educators, three representatives of business or  
26 industry, and three citizens who are none of the above, appointed by  
27 the Speaker of the House of Representatives.

28         Sec. 1.2. The State Superintendent of Public Instruction shall designate a  
29 chairman of the Commission.

30         Sec. 1.3. The Commission shall:

31         (1) Study all recent education initiatives and goals;

32         (2) Hold public hearings throughout the State on whether and how these  
33 initiatives and goals should be implemented; and

34         (3) Determine which of these initiatives and goals should be implemented;  
35 how they should be implemented to improve the quality of the State  
36 education system and to prepare young people to be well-educated,  
37 productive citizens; and how they should be funded.

38         Sec. 1.4. The Commission shall submit a final report of its findings and  
39 recommendations to the Governor, the State Superintendent of Public Instruction, and  
40 the General Assembly on or before January 1, 1991. Upon filing its final report, the  
41 Commission shall terminate.

42         Sec. 1.5. Members of the Commission who are legislators shall receive  
43 subsistence and travel expenses at the rates set forth in G.S. 120-3.1. Members who are  
44 officials or employees of the State shall be paid subsistence and travel allowances at the

1 rates set forth in G.S. 120-3.1. Other members of the Commission shall be paid per  
2 diem, subsistence, and travel allowances at the rates established in G.S. 138-5.

3 Sec. 1.6. The Commission may contract for professional, clerical, or  
4 consultant services as it deems appropriate.

5 Sec. 1.7. When a vacancy occurs in the membership of the Commission the  
6 vacancy shall be filled by the same appointing officer who made the initial appointment.

7 Sec. 1.8. All State departments and agencies and local governments and their  
8 subdivisions shall furnish the Commission with any information in their possession or  
9 available to them.

10 Sec. 1.9. There is appropriated from the General Fund to the General  
11 Assembly the sum of \$1,000,000 for the 1989-90 fiscal year for the Study Commission  
12 on the Future of Education.

### 13 PART II—FUNDS FOR PUBLIC SCHOOL FACILITIES

14 Sec. 2.1. There is appropriated from the General Fund to the Office of State  
15 Budget and Management the sum of \$206,650,000 for the 1989-90 fiscal year and the  
16 sum of \$240,700,000 for the 1990-91 fiscal year for the Public School Building Capital  
17 Fund.

### 18 PART III—PAY RAISE FOR STATE EMPLOYEES AND TEACHERS

19 Sec. 3.1. There is appropriated from the General Fund to the Reserve for  
20 Salary Increases the sum of \$206,650,000 for the 1989-90 fiscal year and the sum of  
21 \$240,700,000 for the 1990-91 fiscal year to be used with other funds appropriated for  
22 this purpose to provide salary increases for State employees and public school teachers  
23 in equal amounts.

### 24 PART IV—SALES TAX INCREASE

25 Sec. 4.1. G.S. 105-164.4 reads as rewritten:

#### 26 "§ 105-164.4. Imposition of tax; retailer.

27 There is hereby levied and imposed, in addition to all other taxes of every kind now  
28 imposed by law, a privilege or license tax upon every person who engages in the  
29 business of selling tangible personal property at retail, renting or furnishing tangible  
30 personal property or the renting and furnishing of rooms, lodgings and accommodations  
31 to transients, in this State, the same to be collected and the amount to be determined by  
32 the application of the following rates against gross sales and rentals, to wit:

- 33 (1) At the rate of ~~three percent (3%)~~ four percent (4%) of the sales price of  
34 each item or article of tangible property when sold at retail in this  
35 State, the tax to be computed on total net taxable sales as defined  
36 herein but for the purpose of computing the amount due the State each  
37 and every taxable retail sale, or retail sales upon which the tax has  
38 been collected, or the amount of tax actually collected, whichever be  
39 greater and whether or not erroneously collected, shall be included in  
40 the computation of tax due the State. Provided, however, that in the  
41 case of the sale of any aircraft, railway locomotive, railway car or the  
42 sale of any motor vehicle or boat, the tax shall be only at the rate of  
43 two percent (2%) of the sales price, but at no time shall the maximum  
44 tax with respect to any one such aircraft, railway locomotive, railway

1 car or motor vehicle or boat, including all accessories attached thereto  
2 at the time of delivery thereof to the purchaser, be in excess of three  
3 hundred dollars (\$300.00).

4 The separate sale of a new motor vehicle chassis and a new motor  
5 vehicle body to be installed thereon, whether by the same retailer or by  
6 different retailers shall be subject only to the tax herein prescribed with  
7 respect to a single motor vehicle. No tax shall be imposed upon a body  
8 mounted on the chassis of a motor vehicle which temporarily enters  
9 the State for the purpose of having such body mounted thereon by the  
10 manufacturer thereof.

11 Notwithstanding G.S. 105-164.3(16) and regardless whether the  
12 seller is a retailer of motor vehicles, the sales price of a motor vehicle  
13 is the gross sales price of the motor vehicle less any allowance given  
14 for a motor vehicle taken in trade as part of the consideration for the  
15 purchased motor vehicle.

16 The tax levied under this section applies to all retail sales of motor  
17 vehicles regardless whether the seller is engaged in business as a  
18 retailer of motor vehicles or whether a tax on the sale of the vehicle  
19 has previously been paid under this Article. A purchaser of a motor  
20 vehicle from a retailer shall pay the tax imposed under this Article to  
21 the retailer, who is liable for collecting and remitting the tax to the  
22 Secretary. A purchaser of a motor vehicle is liable for payment of the  
23 tax imposed by this Article if the seller is not a retailer. The purchaser  
24 shall pay the tax to the Commissioner of Motor Vehicles when  
25 applying for a certificate of title for the vehicle. When property is  
26 transferred by an individual to a partnership or corporation, and no  
27 gain or loss arises as provided by Section 351 or Section 721 of the  
28 Code, such transfer is not a sale for the purpose of this subdivision if  
29 the transfer is incident to the organization of the partnership or  
30 corporation.

31 When applying for a certificate of title, a purchaser of a motor  
32 vehicle from a seller who is not a retailer shall certify in writing the  
33 sales price of the purchased motor vehicle. A purchaser who  
34 knowingly makes a false certification of the sales price is guilty of a  
35 misdemeanor.

36 The Commissioner of Motor Vehicles may not issue a certificate of  
37 title for a motor vehicle sold by a seller who is not a retailer unless the  
38 tax imposed by this section is paid when the purchaser of the vehicle  
39 applies for a certificate of title. The Commissioner shall remit taxes  
40 collected by him under this subsection to the Secretary.

41 Persons who lease or rent motor vehicles shall collect and remit the  
42 tax imposed by this Article on the separate retail sale of a motor  
43 vehicle in addition to the tax imposed on the proceeds from the lease  
44 or rental of the motor vehicle.

1            Provided further, the tax shall be only at the rate of one percent  
2 (1%) of the sales price on the following items:

- 3            a. Horses or mules by whomsoever sold.  
4            b. Semen to be used in the artificial insemination of animals.  
5            c. Sales of fuel, other than electricity or piped natural gas, to  
6 farmers to be used by them for any farm purposes other than  
7 preparing food, heating dwellings and other household  
8 purposes. The quantity of fuel purchased or used at any one  
9 time shall not in any manner be a determinative factor as to  
10 whether any sale or use of fuel is or is not subject to the one  
11 percent (1%) rate of tax imposed herein.  
12            d. Sales of fuel, other than electricity or piped natural gas, to  
13 manufacturing industries and manufacturing plants for use in  
14 connection with the operation of such industries and plants other than  
15 sales of fuels to be used for residential heating purposes. The quantity  
16 of fuel purchased or used at any one time shall not in any manner be a  
17 determinative factor as to whether any sale or use of fuel is or is not  
18 subject to the one percent (1%) rate of tax imposed herein.  
19            e. Sales of fuel, other than electricity or piped natural gas, to  
20 commercial laundries or to pressing and dry-cleaning establishments  
21 for use in machinery used in the direct performance of the laundering  
22 or the pressing and cleaning service.  
23            f. Sales to freezer locker plants of wrapping paper, cartons and  
24 supplies consumed directly in the operation of such plant.

25            Provided further, the tax shall be only at the rate of one  
26 percent (1%) of the sales price, subject to a maximum tax of  
27 eighty dollars (\$80.00) per article, on the following items:

- 28            g. Sales of machines and machinery, whether animal or  
29 motor drawn or operated, and parts and accessories for such  
30 machines and machinery to farmers for use by them in the  
31 planting, cultivating, harvesting or curing of farm crops, and  
32 sales of machines and machinery and parts and accessories  
33 for such machines and machinery to dairy operators, poultry  
34 farmers, egg producers, and livestock farmers for use by them  
35 in the production of dairy products, poultry, eggs or livestock,  
36 except such machines, machinery, equipment, parts, and  
37 accessories that come within the provisions of G.S. 105-  
38 164.13(4c).

39            The term 'machines and machinery' as used in this  
40 subdivision is defined as follows:

41            The term shall include all vehicular implements, designed  
42 and sold for any use defined in this subdivision, which are  
43 operated, drawn or propelled by motor or animal power, but  
44 shall not include vehicular implements which are operated

1 wholly by hand, and shall not include any motor vehicles  
2 required to be registered under Chapter 20 of the General  
3 Statutes.

4 The term shall include all nonvehicular implements and  
5 mechanical devices designed and sold for any use defined in  
6 this subdivision, which have moving parts, or which require the  
7 use of any motor or animal power, fuel, or electricity in their  
8 operation but shall not include nonvehicular implements which  
9 have no moving parts and are operated wholly by hand.

10 The term shall also include metal flues sold for use in curing  
11 tobacco, whether such flues are attached to handfired furnaces  
12 or used in connection with mechanical burners.

13 h. Sales of mill machinery or mill machinery parts and  
14 accessories to manufacturing industries and plants, and sales  
15 to contractors and subcontractors purchasing mill machinery  
16 or mill machinery parts and accessories for use by them in the  
17 performance of contracts with manufacturing industries and  
18 plants, and sales to subcontractors purchasing mill machinery  
19 or mill machinery parts and accessories for use by them in the  
20 performance of contracts with general contractors who have  
21 contracts with manufacturing industries and plants. As used in  
22 this paragraph, the term "manufacturing industries and  
23 plants" does not include delicatessens, cafes, cafeterias,  
24 restaurants, and other similar retailers that are principally  
25 engaged in the retail sale of foods prepared by them for  
26 consumption on or off their premises.

27 i. Sales of central office equipment and switchboard and private  
28 branch exchange equipment to telephone companies regularly engaged  
29 in providing telephone service to subscribers on a commercial basis,  
30 and sales to these companies of prewritten computer programs used in  
31 providing telephone service to their subscribers.

32 j. Sales to commercial laundries or to pressing and dry cleaning  
33 establishments of machinery used in the direct performance of the  
34 laundering or the pressing and cleaning service and of parts and  
35 accessories thereto.

36 k. Sales to freezer locker plants of machinery used in the direct  
37 operation of said freezer locker plant and of parts and accessories  
38 thereto.

39 l. Sales of broadcasting equipment and parts and  
40 accessories thereto and towers to commercial radio and  
41 television companies which are under the regulation and  
42 supervision of the Federal Communications Commission.

1 m. Sales to farmers of bulk tobacco barns and racks and  
2 all parts and accessories thereto and similar apparatus used  
3 for the curing and drying of any farm produce.

4 n. Repealed by Session Laws 1987, c. 800, s. 2.

5 o. Sales to farmers of grain, feed or soybean storage  
6 facilities and accessories thereto, whether or not dryers are  
7 attached, and all similar apparatus and accessories thereto for  
8 the storage of grain, feed or soybeans.

9 p. Repealed by Session Laws 1983, c. 805, s. 2,  
10 effective July 1, 1983.

11 q. Sales of containers to farmers or producers for use in  
12 the planting, producing, harvesting, curing, marketing,  
13 packaging, sale, or transporting or delivery of their products  
14 when such containers do not go with and become part of the  
15 sale of their products at wholesale or retail.

16 (2) At the rate of ~~three percent (3%)~~ four percent (4%) of the gross proceeds  
17 derived from the lease or rental of tangible personal property as  
18 defined herein, where the lease or rental of such property is an  
19 established business, or the same is incidental or germane to said  
20 business; except that whenever a rate of less than ~~three percent (3%)~~  
21 four percent (4%) is applicable to a sale of property which is leased or  
22 rented, the lower rate of tax shall be due on such lease or rental  
23 proceeds.

24 (3) Operators of hotels, motels, tourist homes, tourist camps, and similar  
25 type businesses and persons who rent private residences and cottages  
26 to transients are considered retailers under this Article. There is levied  
27 upon every such retailer a tax of ~~three percent (3%)~~ four percent (4%) of  
28 the gross receipts derived from the rental of any room or rooms,  
29 lodgings, or accommodations furnished to transients for a  
30 consideration. This tax does not apply to any private residence or  
31 cottage that is rented for less than 15 days in a calendar year or to any  
32 room, lodging, or accommodation supplied to the same person for a  
33 period of 90 or more continuous days.

34 As used in this subdivision, the term 'persons who rent to  
35 transients' means (i) owners of private residences and cottages who  
36 rent to transients and (ii) rental agents, including 'real estate brokers'  
37 as defined in G.S. 93A-2, who rent private residences and cottages to  
38 transients on behalf of the owners. If a rental agent is liable for the tax  
39 imposed by this subdivision, the owner is not liable.

40 (4) Every person, firm or corporation engaged in the business of operating  
41 a pressing club, cleaning plant, hat-blocking establishment, dry-  
42 cleaning plant, laundry (including wet or damp wash laundries and  
43 businesses known as laundrettes and launderalls), or any similar-type  
44 business, or engaged in the business of renting clean linen or towels or

1 wearing apparel, or any similar-type business, or engaged in the  
2 business of soliciting cleaning, pressing, hat blocking, laundering or  
3 rental business for any of the aforementioned businesses, shall be  
4 considered "retailers" for the purposes of this Article. There is hereby  
5 levied upon every such person, firm or corporation a tax of ~~three~~  
6 ~~percent (3%)~~ four percent (4%) of the gross receipts derived from  
7 services rendered in engaging in any of the occupations or businesses  
8 named in this subdivision, and every person, firm or corporation  
9 subject to the provisions of this subdivision shall register and secure a  
10 license in the manner hereinafter provided in this section, and, insofar  
11 as practicable, all other provisions of this Article shall be applicable  
12 with respect to the tax herein provided for. The tax imposed by this  
13 subdivision does not apply to receipts derived from coin or token-  
14 operated washing machines, extractors, and dryers. The taxes levied in  
15 this subdivision are additional privilege or license taxes for the  
16 privilege of engaging in the occupations or businesses named herein.  
17 Any person, firm or corporation engaged in cleaning, pressing, hat  
18 blocking, laundering for, or supplying clean linen or towels or wearing  
19 apparel to, another person, firm or corporation engaged in soliciting  
20 shall not be required to pay the ~~three percent (3%)~~ four percent (4%) tax  
21 on its gross receipts derived through such solicitor, if the soliciting  
22 person, firm or corporation has registered with the Department,  
23 secured the license hereinafter required and has paid the tax at the rate  
24 of ~~three percent (3%)~~ four percent (4%) of the total gross receipts  
25 derived from business solicited.

26 (4a) At the rate of three percent (3%) of the gross receipts derived by a  
27 utility from sales of electricity, piped natural gas, or local  
28 telecommunications service as defined by G.S. 105-120(a). A person  
29 who operates a utility is considered a retailer under this Article.

30 (4b) A person who sells tangible personal property at a flea market, other  
31 than his own household personal property, is considered a retailer  
32 under this Article. A tax is levied on that person at the rate of ~~three~~  
33 ~~percent (3%)~~ four percent (4%) of the sales price of each article sold by  
34 him at the flea market. A person who leases or rents space at a flea  
35 market may not lease or rent this space unless the retailer requesting to  
36 rent or lease the space furnishes evidence that he has obtained the  
37 license required by this Article. A person who leases or rents space at  
38 a flea market shall keep records of retailers to whom he has leased or  
39 rented space at the market. As used in this subdivision, the term 'flea  
40 market' means a place where space is rented to a person for the  
41 purpose of selling tangible personal property.

42 (4c) At the rate of six and one-half percent (6 1/2%) of the gross receipts  
43 derived from providing toll telecommunications services or private  
44 telecommunications services as defined by G.S. 105-120(a) that both



1 originate from and terminate in the State which are not subject to the  
 2 privilege tax under G.S. 105-120. Any business entity that provides  
 3 the service outlined above is considered a retailer under this Article.  
 4 This subdivision shall not apply to telephone membership corporations  
 5 as described in Chapter 117 of the General Statutes.

6 (5) The said tax shall be collected from the retailer as defined herein and  
 7 paid by him at the time and in the manner as hereinafter provided.  
 8 Provided, however, that any person engaging or continuing in business  
 9 as a retailer shall pay the tax required on the net taxable sales of such  
 10 business at the rates specified when proper books are kept showing  
 11 separately the gross proceeds of taxable and nontaxable sales of  
 12 tangible personal property in such form as may be accurately and  
 13 conveniently checked by the Secretary or his duly authorized agent. If  
 14 such records are not kept separately the tax shall be paid as a retailer  
 15 on the gross sales of business and the exemptions and exclusions  
 16 provided by this Article shall not be allowed.

17 (6) The tax so levied is and shall be in addition to all other taxes whether  
 18 levied in the form of excise, license or privilege or other taxes.

19 (7) Any person who shall engage or continue in any business for which a  
 20 privilege tax is imposed by this Article shall immediately after July 1,  
 21 1979, apply for and obtain from the Secretary upon payment of the  
 22 sum of five dollars (\$5.00) a license to engage in and conduct such  
 23 business upon the condition that such person shall pay the tax accruing  
 24 to the State of North Carolina under the provisions of this Article and  
 25 he shall thereby be duly licensed and registered to engage in and  
 26 conduct such business. Except as hereinafter provided, a license issued  
 27 under this subsection shall be a continuing license until revoked for  
 28 failure to comply with the provisions of this Article. However, any  
 29 person who has heretofore applied for and obtained such license, and  
 30 such license was in force and effect as of July 1, 1979, shall not be  
 31 required to apply for and obtain a new license.

32 Any person who shall cease to be engaged in any business for which a  
 33 privilege tax is imposed by this Article, and who shall remain  
 34 continuously out of business for a period of five years shall apply for  
 35 and obtain a new license from the Secretary upon the payment of a tax  
 36 of five dollars (\$5.00), and any license previously issued under this  
 37 section shall be null, void and of no effect. The burden of proof after  
 38 such period shall be upon the taxpayer to show that he did engage in  
 39 such activity within the period, and that no new license is required.

40 A retailer who sells tangible personal property at a flea market shall  
 41 conspicuously display his sales tax license when making sales at the  
 42 flea market."

43 Sec. 4.2. 105-164.6(1), (2), and (3) read as rewritten:

- 1           "(1) At the rate of ~~three percent (3%)~~ four percent (4%) of the cost price of  
2 each item or article of tangible personal property when the same is not  
3 sold but used, consumed, distributed or stored for use or consumption  
4 in this State; except that, whenever a rate of less than ~~three percent (3%)~~  
5 four percent (4%) is applicable under the sales tax schedule set out in  
6 G.S. 105-164.4 to the sale at retail of an item or article of tangible  
7 personal property, the same rate, and maximum tax if any, shall be  
8 used in computing any use tax due under this subdivision. The  
9 separate sale of a new motor vehicle chassis and a new motor vehicle  
10 body to be installed thereon, whether by the same retailer or by  
11 different retailers, shall be subject only to the tax herein prescribed  
12 with respect to a single motor vehicle.
- 13           (2) At the rate of ~~three percent (3%)~~ four percent (4%) of the monthly lease  
14 or rental price paid by the lessee or rentee, or contracted or agreed to  
15 be paid by the lessee or rentee, to the owner of the tangible personal  
16 property; except that, whenever a rate of less than ~~three percent (3%)~~  
17 four percent (4%) is applicable under the sales tax schedule set out in  
18 G.S. 105-164.4 to the sale at retail of an item or article of tangible  
19 personal property, then the same rate, and maximum tax if any, shall  
20 be used in computing any use tax due under this subdivision.
- 21           (3) There is hereby levied and there shall be collected from every person,  
22 firm, or corporation, an excise tax of ~~three percent (3%)~~ four percent  
23 (4%) of the purchase price of all tangible personal property purchased  
24 or used which shall enter into or become a part of any building or other  
25 kind of structure in this State, including all materials, supplies, fixtures  
26 and equipment of every kind and description which shall be annexed  
27 thereto or in any manner become a part thereof. Said tax shall be  
28 levied against the purchaser of such property. Provided, that where the  
29 purchaser is a contractor, the contractor and owner shall be jointly and  
30 severally liable for said tax, but the liability of the owner shall be  
31 deemed satisfied if before final settlement between them the contractor  
32 furnishes to the owner an affidavit certifying that said tax has been  
33 paid. Provided further, that where the purchaser is a subcontractor, the  
34 contractor and subcontractor shall be jointly and severally liable for  
35 said tax, but the liability of the contractor shall be deemed satisfied if  
36 before final settlement between them the subcontractor furnishes to the  
37 contractor an affidavit certifying that said tax has been paid."

38           Sec. 4.3. G.S. 105-164.10 reads as rewritten:

39 **"§ 105-164.10. Retail bracket system.**

40           For the convenience of the retailer in collecting the tax due at the rate of ~~three percent~~  
41 ~~(3%)~~ four percent (4%) and to facilitate the administration of this Article, every retailer  
42 engaged in or continuing within this State in a business for which a license, privilege or  
43 excise tax is required by this Article shall add to the sale price and collect from the  
44 purchaser on all taxable retail sales an amount equal to the following:

- 1           (1) ~~No amount on sales of less than 10¢.~~  
 2           (2) ~~1¢ on sales of 10¢ and over but not in excess of 35¢.~~  
 3           (3) ~~2¢ on sales of 36¢ and over but not in excess of 70¢.~~  
 4           (4) ~~3¢ on sales of 71¢ and over but not in excess of \$1.16.~~  
 5           (5) ~~Sales over \$1.16—straight 3% with major fractions governing.~~  
 6                 (1) No amount on sales of less than 10¢;  
 7                 (2) 1¢ on sales of 10¢ through 29¢;  
 8                 (3) 2¢ on sales of 30¢ through 59¢;  
 9                 (4) 3¢ on sales of 60¢ through 84¢;  
 10            (5) 4¢ on sales of 85¢ through \$1.12; and  
 11            (6) Sales of over \$1.12—straight four percent (4%) with major fractions  
 12                 governing.

13           Use of the above bracket does not relieve the retailer from the duty and liability to  
 14           remit to the Secretary an amount equal to ~~three percent (3%)~~ four percent (4%) of the  
 15           gross receipts derived from all taxable retail sales subject to the ~~three percent (3%)~~ four  
 16           percent (4%) rate during the taxable period.

17           Whenever a sales or use tax is due at a rate of less than ~~three percent (3%),~~ four  
 18           percent (4%), the tax shall be computed by multiplying the sales or purchase price by  
 19           the applicable rate and by rounding the result off to the nearest whole cent. The use of  
 20           this method in computing the sales or use tax shall not relieve a taxpayer from the duty  
 21           and liability of remitting to the Secretary an amount equal to the applicable rates times  
 22           gross receipts subject to taxation at the lesser rates."

23           Sec. 4.4. G.S. 105-164.13(18) reads as rewritten:

24           "(18) Funeral expenses, including coffins and caskets, not to exceed one  
 25           thousand five hundred dollars (\$1,500). All other funeral expenses,  
 26           including gross receipts for services rendered, shall be taxable at  
 27           the rate of ~~three percent (3%).~~ four percent (4%). However,  
 28           'services rendered' shall not include those services which have  
 29           been taxed pursuant to G.S. 105-164.4(4), or ~~to~~ those services  
 30           performed by any beautician, cosmetologist, hairdresser or barber  
 31           employed by or at the specific direction of the family or personal  
 32           representative of a deceased; and 'funeral expenses' and 'services  
 33           rendered' shall not include death certificates procured by or at the  
 34           specific direction of the family or personal representative of a  
 35           deceased. Where coffins, caskets or vaults are purchased direct  
 36           and a separate charge is paid for services, the provisions of this  
 37           subdivision shall apply to the total for both."

38           Sec. 4.5. G.S. 105-465 reads as rewritten:

39           "**§ 105-465. County election as to adoption of local sales and use tax.**

40           The board of elections of any county, upon the written request of the board of county  
 41           commissioners thereof, or upon receipt of a petition signed by qualified voters of the  
 42           county equal in number to at least fifteen percent (15%) of the total number of votes  
 43           cast in the county, at the last preceding election for the office of Governor, shall call a

1 special election for the purpose of submitting to the voters of the county the question of  
2 whether a one percent (1%) sales and use tax as hereinafter provided will be levied.

3 The special election shall be held under the same rules and regulations applicable to  
4 the election of members of the General Assembly. No new registration of voters shall  
5 be required. All qualified voters in the county who are properly registered not later than  
6 21 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote  
7 at said election. The county board of elections shall give at least 20 days' public notice  
8 prior to the closing of the registration books for the special election.

9 The county board of election shall prepare ballots for the special election which shall  
10 contain the words, 'FOR the one percent (1%) local sales and use tax only on those  
11 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'  
12 and the words, 'AGAINST the one percent (1%) local sales and use tax only on those  
13 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'  
14 with appropriate squares so that each voter may designate his vote by his cross (X)  
15 mark.

16 The county board of elections shall fix the date of the special election; provided,  
17 however, that the special election shall not be held on the date of any biennial election  
18 for county officers, nor within 60 days thereof, nor within one year from the date of the  
19 last preceding special election under this section."

20 Sec. 4.6. G.S. 105-467 reads as rewritten:

21 **"§ 105-467. Sales tax imposed; limited to items on which the State now imposes a**  
22 **~~three percent~~ four percent sales tax.**

23 The sales tax which may be imposed under this Article is limited to a tax at the rate  
24 of one percent (1%) of:

- 25 (1) The sales price of those articles of tangible personal property now  
26 subject to the ~~three percent (3%)~~ four percent (4%) sales tax imposed by  
27 the State under G.S. 105-164.4(1);
- 28 (2) The gross receipts derived from the lease or rental of tangible personal  
29 property where the lease or rental of such property is an established  
30 business now subject to the ~~three percent (3%)~~ four percent (4%) sales  
31 tax imposed by the State under G.S. 105-164.4(2);
- 32 (3) The gross receipts derived from the rental of any room or lodging  
33 furnished by any hotel, motel, inn, tourist camp or other similar  
34 accommodations now subject to the ~~three percent (3%)~~ four percent  
35 (4%) sales tax imposed by the State under G.S. 105-164.4(3); and
- 36 (4) The gross receipts derived from services rendered by laundries, dry  
37 cleaners, cleaning plants and similar type businesses now subject to the  
38 ~~three percent (3%)~~ four percent (4%) sales tax imposed by the State  
39 under G.S. 105-164.4(4).

40 The sales tax authorized by this Article does not apply to sales by a utility of electricity,  
41 piped natural gas, local, toll, or private telecommunications services as defined by G.S.  
42 105-120(a).

43 The exemptions and exclusions contained in G.S. 105-164.13 and the refund  
44 provisions contained in G.S. 105-164.14 shall apply with equal force and in like manner

1 to the local sales and use tax authorized to be levied and imposed under this Article. A  
2 taxing county shall have no authority, with respect to the local sales and use tax  
3 imposed under this Article to change, alter, add to or delete any refund provisions  
4 contained in G.S. 105-164.14, or any exemptions or exclusions contained in G.S. 105-  
5 164.13 or which are elsewhere provided for.

6 The local sales tax authorized to be imposed and levied under the provisions of this  
7 Article shall be applicable to such retail sales, leases, rentals, rendering of services,  
8 furnishing of rooms, lodgings or accommodations and other taxable transactions which  
9 are made, furnished or rendered by retailers whose place of business is located within  
10 the taxing county. The tax imposed shall apply to the furnishing of rooms, lodging or  
11 other accommodations within the county which are rented to transients. For the purpose  
12 of this Article, the situs of a transaction is the location of the retailer's place of  
13 business."

14 Sec. 4.7. G.S. 105-468 reads as rewritten:

15 "**§ 105-468. Use tax imposed; limited to items upon which the State now imposes a**  
16 **three percent four percent use tax.**

17 The use tax which may be imposed under this Article shall be at the rate of one  
18 percent (1%) of the cost price of each item or article of tangible personal property when  
19 the same is not sold but used, consumed or stored for use or consumption in the taxing  
20 county, except that no tax shall be imposed upon such tangible personal property when,  
21 if the property were subject to the use tax imposed by G.S. 105-164.6, such property  
22 would be taxed by the State of North Carolina at a rate less than ~~three percent (3%)~~-four  
23 percent (4%).

24 Every retailer engaged in business in this State and in the taxing county and required  
25 to collect the use tax levied by G.S. 105-164.6 shall also collect the one percent (1%)  
26 use tax when such property is to be used, consumed or stored in the taxing county, said  
27 one percent (1%) use tax to be collected concurrently with the State's use tax; but no  
28 retailer not required to collect the use tax levied by G.S. 105-164.6 shall be required to  
29 collect the one percent (1%) use tax. The use tax contemplated by this section shall be  
30 levied against the purchaser, and his liability for such use tax shall be extinguished only  
31 upon his payment of the use tax to the retailer, where the retailer is required to collect  
32 the tax, or to the Secretary of Revenue, or to the taxing county, as appropriate, where  
33 the retailer is not required to collect the tax.

34 Where a local sales or use tax has been paid with respect to said tangible personal  
35 property by the purchaser thereof, either in another taxing county within the State, or in  
36 a taxing jurisdiction outside the State where the purpose of the tax is similar in purpose  
37 and intent to the tax which may be imposed pursuant to this Article, said tax may be  
38 credited against the tax imposed under this section by a taxing county upon the same  
39 property. If the amount of sales or use tax so paid is less than the amount of the use tax  
40 due the taxing county under this section, the purchaser shall pay to the Secretary of  
41 Revenue or to the taxing county, as appropriate, an amount equal to the difference  
42 between the amount so paid in the other taxing county or jurisdiction and the amount  
43 due in the taxing county hereunder. The Secretary of Revenue or the taxing county, as  
44 appropriate, may require such proof of payment in another taxing county or jurisdiction

1 as is deemed to be necessary and proper. The use tax levied hereunder shall not be  
2 subject to credit for payment of any State sales or use tax not imposed for the benefit  
3 and use of counties and municipalities. No credit shall be given under this section for  
4 sales or use taxes paid in a taxing jurisdiction outside this State if that taxing jurisdiction  
5 does not grant similar credit for sales taxes paid under this Article."

6 Sec. 4.8. G.S. 105-470 reads as rewritten:

7 **"§ 105-470. Retail bracket system; application to local sales and use tax.**

8 For the convenience of the retailer in collecting the State sales or use tax due at the  
9 rate of ~~three percent (3%)~~ four percent (4%) and the local sales or use tax due at the rate  
10 of one percent (1%), and to facilitate the administration of this Article, every retailer  
11 engaged in or continuing in business in any county wherein the tax imposed and levied  
12 herein shall be applicable, is required by this Article to add to the sales price and collect  
13 from the purchaser on all taxable sales an amount equal to the following:

14 ~~No amount on sales of less than 10¢~~

15 ~~1¢ on sales of 10¢ to 29¢~~

16 ~~2¢ on sales of 30¢ to 59¢~~

17 ~~3¢ on sales of 60¢ to 84¢~~

18 ~~4¢ on sales of 85¢ to \$1.12~~

19 ~~Sales over \$1.12—straight four percent (4%) with major fractions governing.~~

20 (1) No amount on sales of less than 9¢;

21 (2) 1¢ on sales of 9¢ through 23¢;

22 (3) 2¢ on sales of 24¢ through 48¢;

23 (4) 3¢ on sales of 49¢ through 67¢;

24 (5) 4¢ on sales of 68¢ through 85¢;

25 (6) 5¢ on sales of 86¢ through \$1.09; and

26 (7) Sales of over \$1.09—straight five percent (5%) with major fractions  
27 governing.

28 The use of the bracket system, set out above, shall not relieve the retailer from the  
29 duty and liability of collecting and remitting to the Secretary of Revenue, or to a taxing  
30 county, as appropriate, an amount equal to the tax imposed by the taxing county under  
31 this Article."

32 Sec. 4.9. G.S. 105-485 reads as rewritten:

33 **"§ 105-485. Retail collection bracket.**

34 The following bracket applies to collections by retailers in a county that levies  
35 additional sales and use taxes under this Article:

36 (1) ~~No amount on sales of less than 10¢;~~

37 (2) ~~1¢ on sales of 10¢ to 25¢;~~

38 (3) ~~2¢ on sales of 26¢ to 53¢;~~

39 (4) ~~3¢ on sales of 54¢ to 75¢;~~

40 (5) ~~4¢ on sales of 76¢ to 95¢;~~

41 (6) ~~5¢ on sales of 96¢ to \$1.22; and~~

42 (7) ~~Sales of over \$1.22—straight four and one-half percent (4 1/2%) with~~  
43 ~~major fractions governing.~~

44 (1) No amount on sales of less than 9¢;

- 1           (2)    1¢ on sales of 9¢ through 21¢;  
 2           (3)    2¢ on sales of 22¢ through 43¢;  
 3           (4)    3¢ on sales of 44¢ through 61¢;  
 4           (5)    4¢ on sales of 62¢ through 78¢;  
 5           (6)    5¢ on sales of 79¢ through 96¢;  
 6           (7)    6¢ on sales of 97¢ through \$1.18; and  
 7           (8)    Sales of over \$1.18—straight five and one-half percent (5-1/2%) with  
 8                major fractions governing."

9           Sec. 4.10. G.S. 105-492 reads as rewritten:

10    **"§ 105-492. Retail collection bracket.**

11           The following bracket applies to collections by retailers in a county that levies sales  
 12    and use taxes under this Article:

- 13           (1)    ~~No amount on sales of less than 10¢;~~  
 14           (2)    ~~1¢ on sales of 10¢ to 30¢;~~  
 15           (3)    ~~2¢ on sales of 31¢ to 65¢;~~  
 16           (4)    ~~3¢ on sales of 66¢ to 95¢;~~  
 17           (5)    ~~4¢ on sales of 96¢ to \$1.28; and~~  
 18           (6)    ~~Sales of over \$1.28—straight three and one-half percent (3-1/2%) with~~  
 19                ~~major fractions governing.~~  
 20           (1)    No amount on sales of less than 10¢;  
 21           (2)    1¢ on sales of 10¢ through 25¢;  
 22           (3)    2¢ on sales of 26¢ through 53¢;  
 23           (4)    3¢ on sales of 54¢ through 75¢;  
 24           (5)    4¢ on sales of 76¢ through 95¢;  
 25           (6)    5¢ on sales of 96¢ through \$1.22; and  
 26           (7)    Sales of over \$1.22—straight four and one-half percent (4-1/2%) with  
 27                major fractions governing."

28           Sec. 4.11. G.S. 105-500 reads as rewritten:

29    **"§ 105-500. Retail collection bracket.**

30           The following bracket applies to collections by retailers in a county that levies  
 31    additional sales and use taxes under this Article:

- 32           (1)    ~~No amount on sales of less than 9¢;~~  
 33           (2)    ~~1¢ on sales of 9¢ to 23¢;~~  
 34           (3)    ~~2¢ on sales of 24¢ to 48¢;~~  
 35           (4)    ~~3¢ on sales of 49¢ to 67¢;~~  
 36           (5)    ~~4¢ on sales of 68¢ to 85¢;~~  
 37           (6)    ~~5¢ on sales of 86¢ to \$1.09; and~~  
 38           (7)    ~~Sales of over \$1.09—straight five percent (5%) with major fractions~~  
 39                ~~governing.~~  
 40           (1)    No amount on sales of less than 9¢;  
 41           (2)    1¢ on sales of 9¢ through 19¢;  
 42           (3)    2¢ on sales of 20¢ through 39¢;  
 43           (4)    3¢ on sales of 40¢ through 56¢;  
 44           (5)    4¢ on sales of 57¢ through 71¢;

1           (6)    5¢ on sales of 72¢ through 88¢;

2           (7)    6¢ on sales of 89¢ through \$1.08; and

3           (8)    Sales of over \$1.08—straight six percent (6%) with major fractions  
4                    governing."

5           Sec. 4.12. Chapter 1096 of the 1967 Session Laws, as amended, is further  
6 amended as follows:

7           (1)    By deleting the phrases "THREE PER CENT", "three per cent (3%)", "Three  
8 Per Cent (3%)", "Three Percent (3%)", and "three percent (3%)" wherever they appear  
9 and substituting the phrase "FOUR PERCENT (4%)", "four percent (4%)", or "Four  
10 Percent (4%)", as appropriate; and

11          (2)    By deleting the tax table at the end of the first paragraph of Section 7 and  
12 substituting the following new table to read:

13          "(1)    No amount on sales of less than 9¢;

14          (2)    1¢ on sales of 9¢ through 23¢;

15          (3)    2¢ on sales of 24¢ through 48¢;

16          (4)    3¢ on sales of 49¢ through 67¢;

17          (5)    4¢ on sales of 68¢ through 85¢;

18          (6)    5¢ on sales of 86¢ through \$1.09; and

19          (7)    Sales of over \$1.09—straight five percent (5%) with major fractions  
20 governing."

21          Sec. 4.13. (a) Approval under the Local Government Sales and Use Tax Act,  
22 Article 39 of Chapter 105 of the General Statutes, or under the Mecklenburg County  
23 Sales and Use Tax Act, Chapter 1096 of the 1967 Session Laws, as amended, of one  
24 percent (1%) local sales and use taxes in addition to the three percent (3%) State sales  
25 and use taxes constitutes approval of one percent (1%) local sales and use taxes in  
26 addition to the four percent (4%) State sales and use taxes.

27          (b) Approval under the Supplemental Local Government Sales and Use Tax Act,  
28 Article 40 of Chapter 105 of the General Statutes, of one-half percent (1/2%) local sales  
29 and use taxes in addition to the one percent (1%) local sales and use taxes and three  
30 percent (3%) State sales and use taxes constitutes approval of one-half percent (1/2%)  
31 local sales and use taxes in addition to the one percent (1%) local sales and use taxes  
32 and the four percent (4%) State sales and use taxes.

33          (c) Approval under the Alternative Local Government Sales and Use Tax Act,  
34 Article 41 of Chapter 105 of the General Statutes, of one-half percent (1/2%) local sales  
35 and use taxes in addition to the three percent (3%) State sales and use taxes constitutes  
36 approval of one-half percent (1/2%) local sales and use taxes in addition to the four  
37 percent (4%) State sales and use taxes.

38          (d) Approval under the Additional Supplemental Local Government Sales and  
39 Use Tax Act, Article 42 of Chapter 105 of the General Statutes, of one-half percent  
40 (1/2%) local sales and use taxes in addition to the one and one-half percent (1-1/2%)  
41 local sales and use taxes and three percent (3%) State sales and use taxes constitutes  
42 approval of one-half percent (1/2%) local sales and use taxes in addition to the one and  
43 one-half percent (1-1/2%) local sales and use taxes and the four percent (4%) State sales  
44 and use taxes.



1 PART V—EFFECTIVE DATE

2           Sec. 5.1. Sections 4.1 through 4.13 of this act shall become effective July 1,  
3 1989, shall apply to sales made on or after that date, and shall expire June 1, 1991. The  
4 remainder of this act shall become effective July 1, 1989.