

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1187
Committee Substitute Favorable 7/7/97
Third Edition Engrossed 7/17/97

Short Title: County/City Sales Tax Exemption.

(Public)

Sponsors:

Referred to:

May 1, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO EXEMPT CERTAIN COUNTY AND CITY PURCHASES FROM
3 STATE AND LOCAL SALES TAX.

4 The General Assembly of North Carolina enacts:

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

6 "(43) Tangible personal property purchased by a city as defined in G.S. 160A-
7 1 or a county for use by the city or county, if the purchase is made by
8 city or county check or credit account and accompanied by a local
9 government exemption certificate signed by the finance officer of the
10 city or county and describing the property purchased."

11 Section 2. Division V of Article 5 of Chapter 105 of the General Statutes is
12 amended by adding a new section to read:

13 "**§ 105-164.29A. Local government exemption.**

14 (a) Local Government Unit Defined. – As used in this section, the term 'local
15 government unit' means a city as defined in G.S. 160A-1 or a county.

16 (b) Registration. – To be eligible for the exemption provided in G.S. 105-
17 164.13(43), a local government unit must register with the Department of Revenue. The
18 application for registration must be in the form required by the Secretary, be signed by

1 the finance officer, and contain any information required by the Secretary. Upon
2 registration, the Secretary shall assign a registration number to the local government unit.

3 (c) Local Government Exemption Certificate. – To obtain the exemption provided
4 in G.S. 105-164.13(43) for a purchase, a local government unit must make the purchase
5 by unit check or unit credit account and provide the seller a local government exemption
6 certificate that meets the following conditions:

7 (1) It is in the form required by the Secretary.

8 (2) It is signed by the finance officer of the local government unit.

9 (3) It contains the name, address, and registration number of the local
10 government unit.

11 (4) It describes the tangible personal property purchased.

12 (d) Liability. – A seller of property sold under a local government exemption
13 certificate is jointly liable with the purchaser of the property for any tax subsequently
14 determined to be due on the sale unless all of the conditions of subsection (c) of this
15 section were met."

16 Section 3. G.S. 159-28 is amended by adding a new subsection to read:

17 "(d1) Tax-Exempt Purchases. – The finance officer of a county or city is the official
18 responsible for registering the county or city for sales tax exemption in accordance with
19 G.S. 105-164.29A, signing local government exemption certificates for exempt
20 purchases, and verifying that all property purchased with a local government exemption
21 certificate is for use by the county or city as provided in G.S. 105-164.13(43)."

22 Section 4. G.S. 159-25(a) reads as rewritten:

23 "(a) The finance officer shall have the following powers and duties:

24 (1) ~~He shall~~ To keep the accounts of the local government or public
25 authority in accordance with generally accepted principles of
26 governmental accounting and the rules ~~and regulations~~ of the
27 Commission.

28 (2) ~~He shall~~ To disburse all funds of the local government or public
29 authority in strict compliance with this Chapter, the budget ordinance,
30 and each project ordinance and ~~shall to~~ preaudit obligations and
31 disbursements as required by this Chapter.

32 (3) As often as may be requested by the governing board or the manager, ~~he~~
33 ~~shall to~~ prepare and file with the board a statement of the financial
34 condition of the local government or public authority.

35 (4) ~~He shall~~ To receive and deposit all moneys accruing to the local
36 government or public authority, or supervise the receipt and deposit of
37 money by other duly authorized officers or employees.

38 (5) ~~He shall~~ To maintain all records concerning the bonded debt and other
39 obligations of the local government or public authority, determine the
40 amount of money that will be required for debt service or the payment
41 of other obligations during each fiscal year, and maintain all sinking
42 funds.

1 (6) ~~He shall~~ To supervise the investment of idle funds of the local
2 government or public authority.

3 (7) ~~He shall~~ To perform ~~such any~~ other duties ~~as that~~ may be assigned ~~to him~~
4 by law, by the manager, budget officer, or governing board, or by rules
5 ~~and regulations~~ of the Commission.

6 All references in other portions of the General Statutes, local acts, or city charters to
7 county, city, special district, or public authority accountants, treasurers, or other officials
8 performing any of the duties conferred by this section on the finance officer shall be
9 deemed to refer to the finance officer."

10 Section 5. G.S. 105-275.2(a2) reads as rewritten:

11 "(a2) Reimbursement for Repeal of Tax on Accounts Receivable, Bonds, Stocks, and
12 Foreign Trust Interests. – On or before August 30 of each year, the Secretary of Revenue
13 shall allocate to counties the sum of ~~ninety five million three hundred thirty one thousand~~
14 ~~nine hundred twenty seven dollars (\$95,331,927).~~ ninety-three million three hundred one
15 thousand nine hundred twenty-seven dollars (\$93,301,927). The Secretary shall allocate
16 this amount among the counties in proportion to the amount allocated to each county
17 under former G.S. 105-213 (repealed) in August 1994."

18 Section 6. G.S. 105-236 is amended by adding a new subdivision to read:

19 "(5c) Misuse of Local Government Exemption Certificate. – For misuse of a
20 local government exemption certificate by a purchaser, the Secretary
21 shall assess an additional tax, as a penalty, of two hundred fifty dollars
22 (\$250.00) or 10 times the sales price of the property purchased,
23 whichever is greater."

24 Section 7. This act becomes effective July 1, 1999, and applies to taxes paid
25 on or after that date.