

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1308

Short Title: Government Sales Tax Exemption.

(Public)

Sponsors: Representatives Allen; Miller and Luebke.

Referred to: Finance.

April 22, 1999

A BILL TO BE ENTITLED

AN ACT TO EXEMPT CERTAIN GOVERNMENT PURCHASES FROM STATE
AND LOCAL SALES TAX.

The General Assembly of North Carolina enacts:

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

"(46) Tangible personal property purchased by a local government unit as defined in G.S. 164.29A, if the purchase is made by unit check or credit account and accompanied by a local government exemption certificate signed by the finance officer of the unit and describing the property purchased."

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

"§ 105-164.29A. Local government exemption.

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

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

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

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

c. In the case of a community college, a bonded official designated under G.S. 115D-58.8.

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

- 1 a. (Effective July 1, 2001) A local school administrative unit.
2 b. (Effective July 1, 2001) An institution of the community college
3 system established in Chapter 115D of the General Statutes.
4 c. (Effective July 1, 2002) A county.
5 d. (Effective July 1, 2003) A city as defined in G.S. 160A-1.

6 (b) Registration. – To be eligible for the exemption provided in G.S. 105-
7 164.13(46), a local government unit must register with the Department of Revenue. The
8 application for registration must be in the form required by the Secretary, be signed by
9 the finance officer, and contain any information required by the Secretary. Upon
10 registration, the Secretary must assign a registration number to the local government unit.

11 (c) Local Government Exemption Certificate. – To obtain the exemption provided
12 in G.S. 105-164.13(46) for a purchase, a local government unit must make the purchase
13 by unit check or unit credit card or account and provide the seller a local government
14 exemption certificate that meets the following conditions:

- 15 (1) It is in the form required by the Secretary.
16 (2) It is signed by the finance officer of the local government unit.
17 (3) It contains the name, address, and registration number of the local
18 government unit.
19 (4) It describes the tangible personal property purchased.

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

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

25 "(d1) Tax-Exempt Purchases. – The finance officer of a county or city is the official
26 responsible for registering the county or city for sales tax exemption in accordance with
27 G.S. 105-164.29A, signing local government exemption certificates for exempt
28 purchases, and verifying that all property purchased with a local government exemption
29 certificate is for use by the county or city as provided in G.S. 105-164.13(46)."

30 Section 4. G.S. 115C-441 is amended by adding a new subsection to read:

31 "(d1) Tax-Exempt Purchases. – The school finance officer is the official responsible
32 for registering the local school administrative unit for sales tax exemption in accordance
33 with G.S. 105-164.29A, signing local government exemption certificates for exempt
34 purchases, and verifying that all property purchased with a local government exemption
35 certificate is for use by the local school administrative unit as provided in G.S. 105-
36 164.13(46)."

37 Section 5. G.S. 115D-58.8 reads as rewritten:

38 "**§ 115D-58.8. Facsimile signatures. signatures; tax-exempt purchases.**

39 (a) Facsimile Signatures. – The board of trustees may provide by appropriate
40 resolution for the use of facsimile signature machines, signature stamps, or similar
41 devices in signing checks and drafts. The board shall charge some bonded officer or
42 employee with the custody of the necessary machines, stamps, plates, or other devices,
43 and that person and the sureties on ~~his~~ that person's official bond are liable for any illegal,

1 improper, or unauthorized use of them. Rules and regulations governing the use and
2 control of the facsimile signature shall be adopted by the State Board of Community
3 Colleges.

4 (b) Exemption Certificate. – If the board of trustees wishes to take advantage of
5 the sales tax exemption provided in G.S. 105-164.29A, the board must charge some
6 bonded officer or employee with responsibility for the program. This officer is
7 responsible for registering the institution for sales tax exemption in accordance with G.S.
8 105-164.29A, signing local government exemption certificates for exempt purchases, and
9 verifying that all property purchased with a local government exemption certificate is for
10 use by the institution as provided in G.S. 105-164.13(46). The official and the sureties
11 liable on the official's bond are liable for any illegal, improper, or unauthorized use of a
12 local government exemption certificate."

13 Section 6. G.S. 159-25(a) reads as rewritten:

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

- 15 (1) ~~He shall~~ To keep the accounts of the local government or public
16 authority in accordance with generally accepted principles of
17 governmental accounting and the rules ~~and regulations~~ of the
18 Commission.
- 19 (2) ~~He shall~~ To disburse all funds of the local government or public
20 authority in strict compliance with this Chapter, the budget
21 ordinance, and each project ordinance and ~~shall to~~ preaudit
22 obligations and disbursements as required by this Chapter.
- 23 (3) As often as may be requested by the governing board or the
24 manager, ~~he shall to~~ prepare and file with the board a statement of
25 the financial condition of the local government or public authority.
- 26 (4) ~~He shall~~ To receive and deposit all moneys accruing to the local
27 government or public authority, or supervise the receipt and deposit
28 of money by other duly authorized officers or employees.
- 29 (5) ~~He shall~~ To maintain all records concerning the bonded debt and
30 other obligations of the local government or public authority,
31 determine the amount of money that will be required for debt service
32 or the payment of other obligations during each fiscal year, and
33 maintain all sinking funds.
- 34 (6) ~~He shall~~ To supervise the investment of idle funds of the local
35 government or public authority.
- 36 (7) ~~He shall~~ To perform ~~such any~~ other duties ~~as that~~ may be assigned ~~to~~
37 ~~him~~ by law, by the manager, budget officer, or governing board, or
38 by rules ~~and regulations~~ of the Commission.

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

43 Section 7. G.S. 105-236 is amended by adding a new subdivision to read:

1 "(5c) Misuse of Local Government Exemption Certificate. – For misuse of
2 a local government exemption certificate by a purchaser, the
3 Secretary shall assess an additional tax, as a penalty, of two hundred
4 fifty dollars (\$250.00) or 10 times the sales price of the property
5 purchased, whichever is greater."

6 Section 8. Sections 3 and 6 of this act and G.S. 105-164.29A(a)(2)c., as
7 enacted by Section 2 of this act, become effective July 1, 2002, and apply to taxes paid on
8 or after that date. G.S. 105-164.29A(a)(2)d., as enacted by Section 2 of this act, becomes
9 effective July 1, 2003, and applies to taxes paid on or after that date. The remainder of
10 this act becomes effective July 1, 2001, and applies to taxes paid on or after that date.