

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1308
Committee Substitute Favorable 5/4/99

Short Title: Government Sales Tax Exemption.

(Public)

Sponsors:

Referred to:

April 22, 1999

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

5 The General Assembly of North Carolina enacts:

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

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

- 10 a. The items are purchased by a local government unit, as defined
11 in G.S. 105-164.29A, for its use.
- 12 b. The items purchased are paid for by a check, credit card,
13 procurement card, or credit account of the local government unit.
- 14 c. The items are purchased pursuant to a signed purchase order of
15 the local government unit that contains the exemption number of
16 the unit and a description of the property purchased."

17 Section 2. G.S. 105-164.14(c) reads as rewritten:

18 "(c) Certain Governmental Entities. – A governmental entity listed in this
19 subsection is allowed an annual refund of sales and use taxes paid by it under this Article,

1 except under G.S. 105-164.4(a)(4a) and G.S. 105-164.4(a)(4c), on direct purchases of
2 tangible personal property. Sales and use tax liability indirectly incurred by a
3 governmental entity on building materials, supplies, fixtures, and equipment that become
4 a part of or annexed to any building or structure that is owned or leased by the
5 governmental entity and is being erected, altered, or repaired for use by the governmental
6 entity is considered a sales or use tax liability incurred on direct purchases by the
7 governmental entity for the purpose of this subsection. A request for a refund must be in
8 writing and must include any information and documentation required by the Secretary.
9 A request for a refund is due within six months after the end of the governmental entity's
10 fiscal year.

11 This subsection applies only to the following governmental entities:

- 12 (1) A county.
- 13 (2) A city as defined in G.S. 160A-1.
- 14 (2a) A consolidated city-county as defined in G.S. 160B-2.
- 15 (2b) A local school administrative unit.
- 16 (3) A metropolitan sewerage district or a metropolitan water district in
17 this State.
- 18 (4) A water and sewer authority created under Chapter 162A of the
19 General Statutes.
- 20 (5) A lake authority created by a board of county commissioners
21 pursuant to an act of the General Assembly.
- 22 (6) A sanitary district.
- 23 (7) A regional solid waste management authority created pursuant to
24 G.S. 153A-421.
- 25 (8) An area mental health, developmental disabilities, and substance
26 abuse authority, other than a single-county area authority,
27 established pursuant to Article 4 of Chapter 122C of the General
28 Statutes.
- 29 (9) A district health department.
- 30 (10) A regional council of governments created pursuant to G.S. 160A-
31 470.
- 32 (11) A regional planning and economic development commission or a
33 regional economic development commission created pursuant to
34 Chapter 158 of the General Statutes.
- 35 (12) A regional planning commission created pursuant to G.S. 153A-391.
- 36 (13) A regional sports authority created pursuant to G.S. 160A-479.
- 37 (14) A public transportation authority created pursuant to Article 25 of
38 Chapter 160A of the General Statutes.
- 39 (14a) A facility authority created pursuant to Part 4 of Article 20 of
40 Chapter 160A of the General Statutes.
- 41 (15) A regional public transportation authority created pursuant to Article
42 26 of Chapter 160A of the General Statutes.

- 1 (16) A local airport authority that was created pursuant to a local act of
2 the General Assembly and has at least one of the following
3 characteristics:
4 a. It has all of the rights of a municipality.
5 b. A local act of the General Assembly declares it to be a
6 municipality.
7 c. A local act of the General Assembly specifically authorizes it to
8 receive a refund under this section.
- 9 (17) A joint agency created by interlocal agreement pursuant to G.S.
10 160A-462 to operate a public broadcasting television station.
- 11 (18) The North Carolina Low-Level Radioactive Waste Management
12 Authority created pursuant to Chapter 104G of the General Statutes.
- 13 (19) The North Carolina Hazardous Waste Management Commission
14 created pursuant to Chapter 130B of the General Statutes.
- 15 (20) A constituent institution of The University of North Carolina, but
16 only with respect to sales and use tax paid by it for tangible personal
17 property acquired by it through the expenditure of contract and grant
18 funds.
- 19 (21) The University of North Carolina Hospitals at Chapel Hill.
- 20 (22) A regional natural gas district created pursuant to Article 28 of
21 Chapter 160A of the General Statutes.
- 22 (23) An institution of the community college system established in
23 Chapter 115D of the General Statutes."

24 Section 3. Part 5 of Article 5 of Chapter 105 of the General Statutes is
25 amended by adding a new section to read:

26 "**§ 105-164.29A. Local government exemption process.**

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

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

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

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

31 c. A bonded official of a community college designated by a
32 resolution of the Board of Trustees of the community college.

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

34 a. **(Effective July 1, 2001)** A local school administrative unit.

35 b. **(Effective July 1, 2001)** An institution of the community college
36 system established in Chapter 115D of the General Statutes.

37 c. (Effective July 1, 2002) A county.

38 d. **(Effective July 1, 2003)** A city as defined in G.S. 160A-1.

39 (b) Application. – To be eligible for the exemption provided in G.S. 105-
40 164.13(46), a local government unit must obtain from the Department of Revenue a sales
41 tax exemption number. The application for exemption must be in the form required by
42 the Secretary, be signed by the local government unit's finance officer, and contain any

1 information required by the Secretary. The Secretary must assign a sales tax exemption
2 number to a local government unit that submits a proper application.

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

7 Section 4. G.S. 105-164.29A(a)(2)c., as enacted by Section 3 of this act,
8 becomes effective July 1, 2002, and applies to taxes paid on or after that date. G.S. 105-
9 164.29A(a)(2)d., as enacted by Section 3 of this act, becomes effective July 1, 2003, and
10 applies to taxes paid on or after that date. The remainder of this act becomes effective
11 July 1, 2001, and applies to taxes paid on or after that date.