

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

S

5

SENATE BILL 400
Corrected Copy 3/13/01
Finance Committee Substitute Adopted 7/12/01
Fourth Edition Engrossed 7/30/01
House Committee Substitute Favorable 9/4/01

Short Title: No Sales Tax on Certain Publications.

(Public)

Sponsors:

Referred to:

March 12, 2001

A BILL TO BE ENTITLED

AN ACT TO TREAT NEWSPAPER VENDING MACHINES AS STREET VENDORS FOR SALES TAX PURPOSES, TO EXEMPT FREE CIRCULATION PUBLICATIONS FROM THE SALES TAX, AND TO DIRECT THE REVENUE LAWS STUDY COMMITTEE TO STUDY THE SALES AND USE TAX TREATMENT OF PUBLICATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.13(28) reads as rewritten:

"(28) Sales of newspapers by newspaper street ~~vendors and~~ vendors, by newspaper carriers making door-to-door ~~deliveries~~ deliveries, and by means of vending machines and sales of magazines by magazine vendors making door-to-door sales."

SECTION 2. G.S. 105-164.13 is amended by adding a new subdivision to

read:

"(39) Sales of paper, ink, and other tangible personal property to commercial printers and commercial publishers for use as ingredient or component parts of free circulation publications, and sales by printers of free circulation publications to the publishers of these publications. As used in this subdivision, the term "free circulation publications" means publications that meet each of the following conditions:

- a. Are published on a periodic basis at recurring intervals.
- b. Are mailed or are distributed house-to-house, by street distributors, in racks, or in any other manner at other locations without charge to the recipient.

The ratio of news to advertising in a publication is not a factor in determining whether the publication is a free circulation publication."

1 **SECTION 3.** The Revenue Laws Study Committee shall study the sales and
2 use tax exemptions that apply to publications. This study is needed to determine if all
3 publications are taxed uniformly. The study shall include a determination of the need
4 for the following exemptions:

- 5 (1) Sales of newspapers by door-to-door deliveries.
- 6 (2) Sales of newspapers through vending machines.
- 7 (3) Sales of paper, ink, and other tangible personal property for use in free
8 circulation publications and sales by printers of free circulation
9 publications to publishers.
- 10 (4) Sales of advertising supplements and other printed matter to be
11 distributed with or as part of a newspaper.

12 The Revenue Laws Study Committee may report its findings, together with any
13 recommended legislation, to the 2002 Regular Session of the 2001 General Assembly
14 and shall make a final report, together with any recommended legislation, to the 2003
15 Session of the General Assembly.

16 **SECTION 4.** Sections 1 and 2 of this act become effective October 1, 2001,
17 and apply to sales made on or after that date. Sections 1 and 2 of this act expire October
18 1, 2003. The remainder of this act is effective when it becomes law.