

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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SENATE DRS75031-LC-25 (02/11)

Short Title: School District Purchases Exempt. (Public)

Sponsors: Senator Forrester.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT LOCAL SCHOOL ADMINISTRATIVE UNITS 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:

"(51) Items subject to sales and use tax under G.S. 105-164.4, other than
electricity and telecommunications service, if all of the following
conditions are met:

- a. The items are purchased by a local school administrative unit
for its own use and in accordance with G.S. 105-164.29A.
- b. The items purchased are paid for by a check, credit card,
procurement card, or credit account of the local school
administrative unit.
- c. The items are purchased pursuant to a signed purchase order of
the local school administrative unit that contains the exemption
number of the unit and a description of the property purchased."

SECTION 2. The introductory language of G.S. 105-164.14(c) reads as
rewritten:

"(c) Certain Governmental Entities. – A governmental entity listed in this
subsection is allowed an annual refund of sales and use taxes paid by it under this
~~Article, except under G.S. 105-164.4(a)(4a) and G.S. 105-164.4(a)(4c), Article on direct~~
purchases of tangible personal property and services, other than electricity and
telecommunications service. ~~property.~~ Sales and use tax liability indirectly incurred by a
governmental entity on building materials, supplies, fixtures, and equipment that
become a part of or annexed to any building or structure that is owned or leased by the
governmental entity and is being erected, altered, or repaired for use by the

1 governmental entity is considered a sales or use tax liability incurred on direct
2 purchases by the governmental entity for the purpose of this subsection. A request for a
3 refund must be in writing and must include any information and documentation required
4 by the Secretary. A request for a refund is due within six months after the end of the
5 governmental entity's fiscal year.

6 This subsection applies only to the following governmental entities:

7 ..."

8 **SECTION 3.** Part 5 of Article 5 of Chapter 105 of the General Statutes is
9 amended by adding a new section to read:

10 **"§ 105-164.29A. Local school administrative unit exemption process.**

11 (a) Application. – To be eligible for the exemption provided in G.S.
12 105-164.13(51), a local school administrative unit must obtain from the Department a
13 sales tax exemption number. The application for exemption must be in the form
14 required by the Secretary, be signed by the unit's finance officer, and contain any
15 information required by the Secretary. The Secretary must assign a sales tax exemption
16 number to a local school administrative unit that submits a proper application.

17 (b) Liability. – A local administrative unit that does not use the items purchased
18 with its exemption number must pay the tax that should have been paid on the items
19 purchased, plus interest calculated from the date the tax would otherwise have been
20 paid."

21 **SECTION 4.** Section 3 of this act becomes effective January 1, 2004. The
22 remainder of this act becomes effective July 1, 2004, and applies to sales made on or
23 after that date.