

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**SENATE BILL 268**

Short Title: School District Purchases Exempt. (Public)

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Sponsors: Senators Forrester; Allran, Bingham, Blake, Carpenter, Shubert, and Sloan.

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Referred to: Finance.

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March 3, 2003

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)(4e), 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 governmental entity is considered a sales or use tax liability incurred on direct

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

5 This subsection applies only to the following governmental entities:

6 ..."

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

9 **"§ 105-164.29A. Local school administrative unit exemption process.**

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

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

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