

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE DRS85182-MBx-42 (3/9)

Short Title: Modify Auto Repair Sales Tax.

(Public)

Sponsors: Senator Nesbitt.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT MATERIALS APPLIED BY AUTO BODY SHOPS
ARE SUBJECT TO THE SAME SALES TAX TREATMENT AS REPAIR PARTS
INSTALLED BY AUTO REPAIR SHOPS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.3(36) reads as rewritten:

"(36) Sale or selling. – The transfer of title or possession of tangible personal property, conditional or otherwise, in any manner or by any means whatsoever, for a consideration paid or to be paid.

The term includes the fabrication of tangible personal property for consumers by persons engaged in business who furnish either directly or indirectly the materials used in the fabrication work. The term also includes the furnishing or preparing for a consideration of any tangible personal property consumed on the premises of the person furnishing or preparing the property or consumed at the place at which the property is furnished or prepared. The term also includes a transaction in which the possession of the property is transferred but the seller retains title or security for the payment of the consideration.

If a retailer engaged in the business of selling prepared food and drink for immediate or on-premises consumption also gives prepared food or drink to its patrons or employees free of charge, for the purposes of this Article the property given away is considered sold along with the property sold. If a retailer gives an item of inventory to a customer free of charge on the condition that the customer purchase similar or related property, the item given away is considered sold along with the item sold. In all other cases, property given away or used by any retailer or wholesale merchant is not considered sold,

1 whether or not the retailer or wholesale merchant recovers its cost of
2 the property from sales of other property.

3 Paint, primer, sealer, clear coat, and other materials applied to a
4 vehicle as part of auto bodywork are considered tangible personal
5 property sold to the customer."

6 **SECTION 2.** This act becomes effective July 1, 2005, and applies to sales
7 made on or after that date.