June 13, 2002

H 1693. EITC/SALES TAX ON FOOD. *TO APPLY THE SALES AND USE TAX TO CERTAIN SALES OF FOOD AND TO CREATE AN EARNED INCOME TAX CREDIT*.

Sales tax on food. Reinstates sale tax on certain sales of food by repealing GS 105-164.13B (food exempt from sales tax) and amends GS 105-467(a) and GS 105-519 accordingly. Adds new GS 105-164.44G to require, beginning Sept. 30, 2002, Sec'y of Revenue to transfer to counties at the end of each quarter from the sales and use tax net collections received under this article an unidentified sum. Provides that each fiscal year thereafter, Sec'y must transfer each quarter one-fourth of annual amount transferred the preceding fiscal year plus or minus the percentage of that amount by which the total collection of state sales and use taxes increased or decreased during the preceding fiscal year. Sec'y must allocate a share, determined by method set out in act, of amount to each county. Effective July 1, 2002, and applies to sales made on or after that date.

Earned income tax credit. Adds new GS 105-151.29 to allow certain taxpayers a credit against the tax imposed by this Part. Provides for refund of excess credit in specified circumstances. Effective for taxable years beginning on or after Jan. 1, 2002.

Intro. by Gibson.

Ref. to Finance	GS 105