

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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SENATE DRS35157-LC-88 (03/26)

Short Title: Sales Tax Exemption for Schools.

(Public)

Sponsors: Senator Shubert.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW A SALES AND USE TAX EXEMPTION FOR LOCAL  
SCHOOL BOARDS INSTEAD OF A SALES AND USE TAX REFUND TO  
LOCAL SCHOOL BOARDS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-164.13 is amended by adding a new subdivision to  
read:

"§ 105-164.13. **Retail sales and use tax.**

The sale at retail, the use, storage or consumption in this State of the following  
tangible personal property is specifically exempted from the tax imposed by this Article:

...

(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 are purchased pursuant to a valid purchase order  
issued by the local school administrative unit that contains the  
exemption number of the unit and a description of the property  
purchased, or the items purchased are paid for with a check,  
electronic deposit, credit card, procurement card, or credit  
account of the local school administrative unit.

c. For all purchases other than by a purchase order issued by the  
local school administrative unit, the unit must provide to or  
have on file with the retailer the unit's exemption number."

**SECTION 2.** Part 5 of Article 5 of Chapter 105 of the General Statutes is  
amended by adding a new section to read:

1 **"§ 105-164.29A. Local school administrative unit exemption process.**

2 (a) Application. – To be eligible for the exemption provided in G.S.  
3 105-164.13(52), a local school administrative unit must obtain from the Department of  
4 Revenue a sales tax exemption number. The application for exemption must be in the  
5 form required by the Secretary, be signed by the local school administrative unit's  
6 finance officer, and contain any information required by the Secretary. The Secretary  
7 must assign a sales tax exemption number to a local school administrative unit that  
8 submits a proper application.

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

13 **SECTION 3.** Section 1 of this act becomes effective January 1, 2004, and  
14 applies to sales made on or after that date. The remainder of this act becomes effective  
15 July 1, 2003.