

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 711

Short Title: Sales Tax Exemption for Schools. (Public)

Sponsors: Senators Shubert; Apodaca, Blake, Brock, Carpenter, Forrester, Foxx,
Garwood, Pittenger, Rucho, and Stevens.

Referred to: Finance.

April 2, 2003

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW A SALES AND USE TAX EXEMPTION FOR LOCAL
3 SCHOOL BOARDS INSTEAD OF A SALES AND USE TAX REFUND TO
4 LOCAL SCHOOL BOARDS.

5 The General Assembly of North Carolina enacts:

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

8 "**§ 105-164.13. Retail sales and use tax.**

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

11 ...

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

- 15 a. The items are purchased by a local school administrative unit
16 for its own use and in accordance with G.S. 105-164.29A.
17 b. The items are purchased pursuant to a valid purchase order
18 issued by the local school administrative unit that contains the
19 exemption number of the unit and a description of the property
20 purchased, or the items purchased are paid for with a check,
21 electronic deposit, credit card, procurement card, or credit
22 account of the local school administrative unit.
23 c. For all purchases other than by a purchase order issued by the
24 local school administrative unit, the unit must provide to or
25 have on file with the retailer the unit's exemption number."

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

28 "**§ 105-164.29A. Local school administrative unit exemption process.**

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

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

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