

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2555

Short Title: Community College Sales Tax Refund/Exemption. (Public)

Sponsors: Representatives Tolson, Yongue (Primary Sponsors); Cleveland, Justice, Langdon, Tarleton, and Wray.

Referred to: Finance.

May 26, 2008

A BILL TO BE ENTITLED
AN ACT TO ALLOW A SALES AND USE TAX EXEMPTION FOR COMMUNITY
COLLEGES AND TO CREATE A SALES AND USE TAX REFUND FOR
COMMUNITY COLLEGES.

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 and the use, storage, or consumption in this State of the following tangible personal property and services are specifically exempted from the tax imposed by this Article:

...

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

- a. The items are purchased by a community college for its own use and in accordance with G.S. 105-164.29C.
- b. The items are purchased pursuant to a valid purchase order issued by the community college that contains the exemption number of the community college 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 community college.
- c. For all purchases other than by a purchase order issued by the community college, the community college must provide to or have on file with the retailer the community college's exemption number."

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

3 **"§ 105-164.29C. Community college exemption process.**

4 (a) Application. – To be eligible for the exemption provided in
5 G.S. 105-164.13(59), a community college must obtain from the Department a sales tax
6 exemption number. The application for exemption must be in the form required by the
7 Secretary, be signed by the finance officer of the community college, and contain any
8 information required by the Secretary. The Secretary must assign a sales tax exemption
9 number to a community college that submits a proper application.

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

14 **SECTION 3.** G.S. 105-164.14(c) is amended by adding a new subdivision to
15 read:

16 "(c) Certain Governmental Entities. – A governmental entity listed in this
17 subsection is allowed an annual refund of sales and use taxes paid by it under this
18 Article on direct purchases of tangible personal property and services, other than
19 electricity, telecommunications service, and ancillary service. Sales and use tax liability
20 indirectly incurred by a governmental entity on building materials, supplies, fixtures,
21 and equipment that become a part of or annexed to any building or structure that is
22 owned or leased by the governmental entity and is being erected, altered, or repaired for
23 use by the governmental entity is considered a sales or use tax liability incurred on
24 direct purchases by the governmental entity for the purpose of this subsection. A request
25 for a refund must be in writing and must include any information and documentation
26 required by the Secretary. A request for a refund is due within six months after the end
27 of the governmental entity's fiscal year.

28 This subsection applies only to the following governmental entities:

29 ...

30 (20) A constituent institution of The University of North Carolina, but only
31 with respect to sales and use tax paid by it for tangible personal
32 property or services that are eligible for refund under this subsection
33 acquired by it through the expenditure of contract and grant funds.

34 (20a) An institution of the Community College System established in
35 Chapter 115D of the General Statutes.

36 (21) The University of North Carolina Health Care System.

37 "

38 **SECTION 8.** This act becomes effective July 1, 2008, and applies to
39 purchases made on or after that date.