

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE BILL 726

Short Title: Sales Tax Exemption for Schools.

(Public)

Sponsors: Senator Clodfelter.

Referred to: Finance.

March 14, 2007

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROMOTE EFFICIENCY IN GOVERNMENT BY ALLOWING A  
3 SALES AND USE TAX EXEMPTION FOR LOCAL GOVERNMENT UNITS.

4 The General Assembly of North Carolina enacts:

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

7 "**§ 105-164.13. Retail sales and use tax.**

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

11 ...

12 (52a) Items subject to sales and use tax under G.S. 105-164.4, other than  
13 electricity, ancillary services, and telecommunications service, if all of  
14 the following conditions are met:

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

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

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

11       (c) Definition. – For purposes of this section only, a 'local government unit'  
12 means a local school administrative unit, a county, or a city as defined in G.S. 160A-1."

13       **SECTION 3.** Section 1 of this act becomes effective July 1, 2007, and  
14 applies to sales made on or after that date. The remainder of this act is effective when it  
15 becomes law.