

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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SENATE DRS85120-LC-76 (03/25)

Short Title: Sales Tax Exemption for Schools.

(Public)

Sponsors: Senator Clodfelter.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROMOTE EFFICIENCY IN GOVERNMENT BY ALLOWING 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."

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

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

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

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