

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

FILED SENATE  
Apr 6, 2023  
S.B. 741  
PRINCIPAL CLERK

S

D

SENATE BILL DRS45299-Nif-128

Short Title: Tax Relief on Essentials for Working Families. (Public)

Sponsors: Senators Mohammed, Murdock, and Mayfield (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXEMPT FEMININE HYGIENE PRODUCTS, DIAPERS, AND GROCERIES  
3 FROM SALES TAX.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 105-164.3 reads as rewritten:

6 "§ 105-164.3. Definitions.

7 The following definitions apply in this Article:

8 ...

9 (88) Feminine hygiene products. – Tampons, panty liners, menstrual cups, sanitary  
10 napkins, and other similar tangible personal property designed for feminine  
11 hygiene in connection with the human menstrual cycle but does not include  
12 "grooming and hygiene products."

13 ...

14 (94) Grooming and hygiene products. – Soaps and cleaning solutions, shampoo,  
15 toothpaste, mouthwash, antiperspirants, suntan lotions, and sunscreens,  
16 regardless of whether the items meet the definition of "over-the-counter  
17 drugs."

18 ...."

19 SECTION 2. G.S. 105-164.13 reads as rewritten:

20 "§ 105-164.13. Retail sales and use tax.

21 The sale at retail and the use, storage, or consumption in this State of the following items are  
22 specifically exempted from the tax imposed by this Article:

23 ...

24 ~~(13d) Sales of diapers or incontinence underpads on prescription by an enrolled~~  
25 ~~State Medicaid/Health Choice provider for use by beneficiaries of the State~~  
26 ~~Medicaid program when the provider is reimbursed by the State Medicaid~~  
27 ~~program or a Medicaid managed care organization, as defined in 42 U.S.C. §~~  
28 ~~1396b(m).~~

29 ...

30 (74) Diapers.

31 (75) Feminine hygiene products."

32 SECTION 3. G.S. 105-164.13B(b) is repealed.

33 SECTION 4. G.S. 105-467 reads as rewritten:

34 "§ 105-467. Scope of sales tax.

35 (a) Sales Tax. – The sales tax that may be imposed under this Article is limited to a tax  
36 at the rate of one percent (1%) of the following:



- 1 ...  
2 (~~5~~) ~~The sales price of food that is not otherwise exempt from tax pursuant to~~  
3 ~~G.S. 105-164.13 but is exempt from the State sales and use tax pursuant to~~  
4 ~~G.S. 105-164.13B.~~  
5 (~~5a~~) ~~The sales price of a bundled transaction that includes food subject to tax under~~  
6 ~~subdivision (5) of this subsection, if the price of the food exceeds ten percent~~  
7 ~~(10%) of the price of the bundle. A retailer must determine the price of food~~  
8 ~~in a bundled transaction in accordance with G.S. 105-164.4D.~~

9 ...  
10 (b) Exemptions and Refunds. – The State exemptions and exclusions contained in Article  
11 5 of Subchapter I of this Chapter, ~~except for including~~ the exemption for food in  
12 G.S. 105-164.13B, apply to the local sales and use tax authorized to be levied and imposed under  
13 this Article. The State refund provisions contained in G.S. 105-164.14 and G.S. 105-164.14A  
14 apply to the local sales and use tax authorized to be levied and imposed under this Article. A  
15 refund of an excessive or erroneous State sales tax collection allowed under G.S. 105-164.11 and  
16 a refund of State sales tax paid on a rescinded sale or cancelled service contract under  
17 G.S. 105-164.11A apply to the local sales and use tax authorized to be levied and imposed under  
18 this Article. The aggregate annual local refund amount allowed an entity under  
19 G.S. 105-164.14(b) for the State's fiscal year may not exceed thirteen million three hundred  
20 thousand dollars (\$13,300,000).

21 ...."

22 **SECTION 5.** G.S. 105-164.3(15) reads as rewritten:

23 "(15) Amenity. – A feature that increases the value or attractiveness of an  
24 entertainment activity that allows a person access to items that are not subject  
25 to tax under this Article and that are not available with the purchase of  
26 admission to the same event without the feature. The term includes parking  
27 privileges, special entrances, access to areas other than general admission,  
28 mascot visits, and merchandise discounts. The term does not include any  
29 charge for ~~food, prepared food, and food~~ or alcoholic beverages subject to tax  
30 under this Article."

31 **SECTION 6.** This act becomes effective October 1, 2023, and applies to sales made  
32 on or after that date.