

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1422

Short Title: Back-to-School Sales Tax Holiday.

(Public)

Sponsors: Representative Boyd-McIntyre.

Referred to: Finance.

April 26, 2001

A BILL TO BE ENTITLED

AN ACT TO EXEMPT CERTAIN ITEMS PURCHASED DURING THE FIRST WEEKEND OF AUGUST FROM THE SALES AND USE TAX AND TO MAKE CONFORMING CHANGES.

The General Assembly of North Carolina enacts:

SECTION 1. Part 3 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-164.13C. Sales and use tax holiday.

(a) The taxes imposed by this Article do not apply to the following items of tangible personal property if sold between 12:01A.M. on the first Friday of August and 11:59 P.M. the following Sunday:

- (1) Clothing with a sales price of one hundred twenty-five dollars (\$125.00) or less.
- (2) Clothing accessories such as belts, hats, scarves, hosiery, and handbags with a sales price of one hundred twenty-five dollars (\$125.00) or less.
- (3) Footwear with a sales price of one hundred twenty-five dollars (\$125.00) or less.
- (4) School supplies such as pens, pencils, paper, binders, notebooks, textbooks, reference books, bookbags, lunchboxes, and calculators with a sales price of thirty dollars (\$30.00) or less.

(b) The exemption allowed by this section does not apply to the following:

- (1) Sales of jewelry, cosmetics, eyewear, wallets, or watches.
- (2) Sales of any special clothing or footwear that is designed for athletic activity or protective use and that is not normally worn except when one is engaged in the specific activity for which the clothing or footwear was designed,
- (3) Sales involving a layaway contract or a similar deferred payment and delivery plan.

1 (4) Sales of an item for use in a trade or business.

2 (5) Rentals."

3 **SECTION 2.** G.S. 105-467 reads as rewritten:

4 "**§ 105-467. Scope of sales tax.**

5 The sales tax that may be imposed under this Article is limited to a tax at the rate of
6 one percent (1%) of the following:

7 (1) The sales price of tangible personal property subject to the general rate
8 of sales tax imposed by the State under G.S. 105-164.4(a)(1) and
9 (a)(4b).

10 (2) The gross receipts derived from the lease or rental of tangible personal
11 property when the lease or rental of the property is subject to the
12 general rate of sales tax imposed by the State under G.S.
13 105-164.4(a)(2).

14 (3) The gross receipts derived from the rental of any room or other
15 accommodations subject to the general rate of sales tax imposed by the
16 State under G.S. 105-164.4(a)(3).

17 (4) The gross receipts derived from services rendered by laundries, dry
18 cleaners, and other businesses subject to the general rate of sales tax
19 imposed by the State under G.S. 105-164.4(a)(4).

20 (5) The sales price of food that is not otherwise exempt from tax pursuant
21 to G.S. 105-164.13 but would be exempt from the State sales and use
22 tax pursuant to G.S. 105-164.13 if it were purchased under the Food
23 Stamp Program, 7 U.S.C. § 51.

24 The sales tax authorized by this Article does not apply to sales that are taxable by the
25 State under G.S. 105-164.4 but are not specifically included in this section.

26 The State exemptions and exclusions contained in G.S. ~~105-164.13~~ 105-164.13, the
27 State sales and use tax holiday contained in G.S. 105-164.13C, and the State refund
28 provisions contained in G.S. 105-164.14 apply to the local sales and use tax authorized
29 to be levied and imposed under this Article. A taxing county may not allow an
30 exemption, exclusion, or refund that is not allowed under the State sales and use tax.

31 The local sales tax authorized to be imposed and levied under this Article applies to
32 taxable transactions by retailers whose place of business is located within the taxing
33 county. For the purpose of this Article, the situs of a transaction is the location of the
34 retailer's place of business."

35 **SECTION 3.** Section 4 of Chapter 1096 of the 1967 Session Laws is
36 rewritten to read:

37 "Sec. 4. Scope of Sales Tax. The sales tax which may be imposed under this division
38 after the holding of a special election is limited to a tax at the rate of one percent (1%)
39 of: (1) the sales price of those articles of tangible personal property now subject to the
40 general rate of sales tax imposed by the State under G.S. 105-164.4(a)(1) and (4b); (2)
41 the gross receipts derived from the lease or rental of tangible personal property when the
42 lease or rental of the property is subject to the general rate of sales tax imposed by the
43 State under G.S. 105-164.4(a)(2); (3) the gross receipts derived from the rental of any
44 room or lodging furnished by any hotel, motel, inn, tourist camp, or other similar public

1 accommodations now subject to the general rate of sales tax imposed by the State under
2 G.S. 105-164.4(a)(3); (4) the gross receipts derived from services rendered by laundries,
3 dry cleaners, cleaning plants, and similar type businesses now subject to the general rate
4 of sales tax imposed by the State under G.S. 105-164.4(a)(4); and (5) the sales price of
5 food and other items that are not otherwise exempt from tax pursuant to G.S.
6 105-164.13 but would be exempt from the State sales and use tax pursuant to G.S.
7 105-164.13 if purchased with coupons issued under the Food Stamp Program, 7 U.S.C.
8 § 51. The taxes authorized by this division do not apply to sales that are taxable by the
9 State under G.S. 105-164.4 but are not specifically listed in this section.

10 The exemptions and exclusions contained in G.S. 105-164.13 and the sales and use
11 tax holiday contained in G.S. 105-164.13C shall apply with equal force and like manner
12 to the local sales tax authorized to be imposed and levied under this division. The
13 county shall have no authority, with respect to the local sales and use tax, imposed
14 under this division, to change, alter, add or delete any exemptions or exclusions
15 contained under G.S. 105-164.13.

16 The local sales tax authorized to be imposed and levied under the provisions of this
17 division shall be applicable to such retail sales, leases, rentals, rendering of services,
18 furnishing of lodging or accommodations, and other taxable transactions which are
19 made, furnished, or rendered by retailers whose place of business is located within the
20 taxing county. The tax imposed shall apply to the furnishing of rooms, lodging or other
21 accommodations within the county which are rented to transients. Provided, however,
22 no tax shall be imposed where the tangible personal property sold is delivered by the
23 retailer or his agent to the purchaser at a point outside this State. For the purpose of this
24 act, the situs of a transaction is the location of the retailer's place of business."

25 **SECTION 4.** This act does not affect the rights or liabilities of the State, a
26 taxpayer, or another person arising under a statute amended or repealed by this act
27 before the effective date of its amendment or repeal; nor does it affect the right to any
28 refund or credit of a tax that accrued under the amended or repealed statute before the
29 effective date of its amendment or repeal.

30 **SECTION 5.** This act is effective when it becomes law and applies to sales
31 made on or after that date. This act is repealed effective July 1, 2003, for sales made on
32 or after that date.