

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 26

Short Title: Sales Tax Holiday.

(Public)

Sponsors: Senators Hoyle, Kerr; Albertson, Ballantine, Berger, Dalton, Dannelly, Gulley, Harris, Martin of Guilford, Martin of Pitt, Metcalf, Rand, Reeves, Soles, and Warren.

Referred to: Finance.

February 1, 2001

A BILL TO BE ENTITLED

AN ACT TO EXEMPT CERTAIN ITEMS PURCHASED DURING A SPECIFIC PERIOD FROM THE SALES AND USE TAX.

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.

(2) Clothing accessories such as hats, scarves, hosiery, and handbags.

(3) Footwear.

(4) School supplies such as pens, pencils, paper, binders, notebooks, textbooks, reference book bags, lunchboxes, and calculators.

(5) Computers, printers and printer supplies, and educational computer software.

(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 furniture.

(3) Sales involving a layaway contract or a similar deferred payment and delivery plan.

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

(5) Rentals.

1 (c) For the purpose of this section, "computer" means a central processing unit
2 for personal use and any peripherals sold with it and any computer software installed at
3 the time of purchase."

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

5 **"§ 105-467. Scope of sales tax.**

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

- 8 (1) The sales price of tangible personal property subject to the general rate
9 of sales tax imposed by the State under G.S. 105-164.4(a)(1) and
10 (a)(4b).
- 11 (2) The gross receipts derived from the lease or rental of tangible personal
12 property when the lease or rental of the property is subject to the
13 general rate of sales tax imposed by the State under G.S.
14 105-164.4(a)(2).
- 15 (3) The gross receipts derived from the rental of any room or other
16 accommodations subject to the general rate of sales tax imposed by the
17 State under G.S. 105-164.4(a)(3).
- 18 (4) The gross receipts derived from services rendered by laundries, dry
19 cleaners, and other businesses subject to the general rate of sales tax
20 imposed by the State under G.S. 105-164.4(a)(4).
- 21 (5) The sales price of food that is not otherwise exempt from tax pursuant
22 to G.S. 105-164.13 but would be exempt from the State sales and use
23 tax pursuant to G.S. 105-164.13 if it were purchased under the Food
24 Stamp Program, 7 U.S.C. § 51.

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

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

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

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

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

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

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

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

26 **SECTION 4.** This act is effective when it becomes law and applies to sales
27 made on or after that date.