

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1187  
Committee Substitute Favorable 7/7/97

Short Title: County/City Sales Tax Exemption.

(Public)

Sponsors:

Referred to:

May 1, 1997

A BILL TO BE ENTITLED  
AN ACT TO EXEMPT CERTAIN COUNTY AND CITY PURCHASES FROM  
STATE AND LOCAL SALES TAX.

The General Assembly of North Carolina enacts:

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

"(43) Tangible personal property purchased by a city as defined in G.S. 160A-1 or a county for use by the city or county, if the purchase is made by city or county check or credit account and accompanied by a local government exemption certificate signed by the finance officer of the city or county and describing the property purchased."

Section 2. Division V of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**§ 105-164.29A. Local government exemption.**

(a) Local Government Unit Defined. – As used in this section, the term 'local government unit' means a city as defined in G.S. 160A-1 or a county.

(b) Registration. – To be eligible for the exemption provided in G.S. 105-164.13(43), a local government unit must register with the Department of Revenue. The application for registration must be in the form required by the Secretary, be signed by

1 the finance officer, and contain any information required by the Secretary. Upon  
2 registration, the Secretary shall assign a registration number to the local government unit.

3 (c) Local Government Exemption Certificate. – To obtain the exemption provided  
4 in G.S. 105-164.13(43) for a purchase, a local government unit must make the purchase  
5 by unit check or unit credit account and provide the seller a local government exemption  
6 certificate that meets the following conditions:

7 (1) It is in the form required by the Secretary.

8 (2) It is signed by the finance officer of the local government unit.

9 (3) It contains the name, address, and registration number of the local  
10 government unit.

11 (4) It describes the tangible personal property purchased.

12 (d) Liability. – A seller of property sold under a local government exemption  
13 certificate is jointly liable with the purchaser of the property for any tax subsequently  
14 determined to be due on the sale unless all of the conditions of subsection (c) of this  
15 section were met."

16 Section 3. G.S. 159-28 is amended by adding a new subsection to read:

17 "(d1) Tax-Exempt Purchases. – The finance officer of a county or city shall register  
18 the county or city for sales tax exemption in accordance with G.S. 105-164.29A, shall  
19 sign local government exemption certificates for exempt purchases, and shall verify that  
20 all property purchased with a local government exemption certificate is for use by the  
21 county or city as provided in G.S. 105-164.13(43)."

22 Section 4. G.S. 159-25(a) reads as rewritten:

23 "(a) The finance officer shall have the following powers and duties:

24 (1) ~~He shall~~ To keep the accounts of the local government or public  
25 authority in accordance with generally accepted principles of  
26 governmental accounting and the rules ~~and regulations~~ of the  
27 Commission.

28 (2) ~~He shall~~ To disburse all funds of the local government or public  
29 authority in strict compliance with this Chapter, the budget  
30 ordinance, and each project ordinance and ~~shall to~~ preaudit  
31 obligations and disbursements as required by this Chapter.

32 (3) As often as may be requested by the governing board or the  
33 manager, ~~he shall to~~ prepare and file with the board a statement of  
34 the financial condition of the local government or public authority.

35 (4) ~~He shall~~ To receive and deposit all moneys accruing to the local  
36 government or public authority, or supervise the receipt and deposit  
37 of money by other duly authorized officers or employees.

38 (5) ~~He shall~~ To maintain all records concerning the bonded debt and  
39 other obligations of the local government or public authority,  
40 determine the amount of money that will be required for debt service  
41 or the payment of other obligations during each fiscal year, and  
42 maintain all sinking funds.

- 1 (6) ~~He shall~~To supervise the investment of idle funds of the local  
2 government or public authority.
- 3 (7) ~~He shall~~To perform ~~such~~any other duties ~~as~~that may be assigned ~~to~~  
4 ~~him~~ by law, by the manager, budget officer, or governing board, or  
5 by rules ~~and regulations~~ of the Commission.

6 All references in other portions of the General Statutes, local acts, or city charters to  
7 county, city, special district, or public authority accountants, treasurers, or other officials  
8 performing any of the duties conferred by this section on the finance officer shall be  
9 deemed to refer to the finance officer."

10 Section 5. G.S. 105-275.2(a2) reads as rewritten:

11 "(a2) Reimbursement for Repeal of Tax on Accounts Receivable, Bonds, Stocks, and  
12 Foreign Trust Interests. – On or before August 30 of each year, the Secretary of Revenue  
13 shall allocate to counties the sum of ~~ninety five million three hundred thirty one thousand~~  
14 ~~nine hundred twenty seven dollars (\$95,331,927).~~ ninety-three million three hundred one  
15 thousand nine hundred twenty-seven dollars (\$93,301,927). The Secretary shall allocate  
16 this amount among the counties in proportion to the amount allocated to each county  
17 under former G.S. 105-213 (repealed) in August 1994."

18 Section 6. This act becomes effective July 1, 1999, and applies to taxes paid  
19 on or after that date.