

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1400

Short Title: Repeal State and Local Food Tax.

(Public)

Sponsors: Senators Clark; Allran, Ballantine, Blust, Carpenter, Cochrane, East, Forrester, Foxx, Garwood, Hartsell, Horton, Ledbetter, Moore, Page, Rucho, Shaw of Guilford, and Webster.

Referred to: Finance.

May 27, 1998

1 A BILL TO BE ENTITLED
2 AN ACT TO REPEAL THE STATE AND LOCAL SALES TAX ON FOOD AND TO
3 REIMBURSE LOCAL GOVERNMENTS FOR THE RESULTING REVENUE
4 LOSS.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-164.4(a)(5) is repealed.

7 Section 2. G.S. 105-164.13 is amended by adding a new subdivision to read:

8 "(38a) Food that would be exempt pursuant to subdivision (38) of this section
9 if it were purchased with coupons issued under the Food Stamp
10 Program, 7 U.S.C. § 51."

11 Section 3. G.S. 105-467(5) is repealed.

12 Section 4. G.S. 105-164.44C reads as rewritten:

13 "**§ 105-164.44C. Reimbursement for sales taxes on ~~food stamp foods and supplemental~~**
14 **~~foods.~~ food.**

15 (a) As soon as practicable after July 1 of each year, the Secretary shall make a
16 preliminary allocation to each county of the amount of local sales taxes that would have
17 been collected in the county during the 1989-90 fiscal year on foods purchased with food

1 stamp coupons or supplemental food instruments in the county, had these foods not been
2 exempt from tax under G.S. 105-164.13(38).

3 (b) As soon as practicable after July 1 of each year, the Secretary shall make a
4 preliminary allocation to each county of the following amounts: In 1999, the estimated
5 amount of local sales taxes that would have been collected in the county during the 1998-
6 99 fiscal year on food exempt from tax under G.S. 105-164.13(38a) if G.S. 105-
7 164.13(38a) had not been enacted. In 2000, the estimated amount of local sales taxes that
8 would have been collected in the county during the 1999-2000 fiscal year on food exempt
9 from tax under G.S. 105-164.13(38a) if G.S. 105-164.13(38a) had not been enacted.
10 Thereafter, the amount allocated to the county the previous year plus or minus the
11 percentage of that amount by which the total collection of State sales and use taxes
12 increased or decreased during the previous fiscal year.

13 (c) The Secretary shall then distribute the amounts allocated to each county
14 between the county and the cities located in the county in accordance with the method by
15 which local sales and use taxes are distributed in that county. In order to pay for the
16 reimbursement under this section and the cost to the Department of Revenue for
17 administering the reimbursement, the Secretary shall draw from collections received
18 under Division I of Article 4 of this Chapter an amount equal to the amount of the
19 reimbursement and the cost of administration."

20 Section 5. Section 4 of this act becomes effective July 1, 1999. The remainder
21 of this act becomes effective January 1, 1999, and applies to sales made on or after that
22 date.