

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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HOUSE BILL 986

Short Title: Restore LEA Sales Tax Benefit. (Public)

Sponsors: Representatives Lofton, Ross, and Meyer (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Finance, if favorable, Rules, Calendar, and Operations of the House

April 26, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO RESTORE THE SALES TAX REFUND AUTHORIZED FOR LOCAL SCHOOL  
3 ADMINISTRATIVE UNITS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Subdivision (2b) of subsection (c) of G.S. 105-164.14 is reenacted as  
6 it existed immediately before its repeal.

7 **SECTION 2.** Subdivision (2c) of subsection (c) of G.S. 105-164.14 is reenacted as  
8 it existed immediately before its repeal.

9 **SECTION 3.** G.S. 105-467(b) reads as rewritten:

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16 tax paid on a rescinded sale or cancelled service contract under G.S. 105-164.11A apply to the  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

20 ~~Except as provided in this subsection, a taxing county may not allow an exemption, exclusion,~~  
21 ~~or refund that is not allowed under the State sales and use tax. A local school administrative unit~~  
22 ~~and a joint agency created by interlocal agreement among local school administrative units~~  
23 ~~pursuant to G.S. 160A-462 to jointly purchase food service related materials, supplies, and~~  
24 ~~equipment on their behalf is allowed an annual refund of sales and use taxes paid by it under this~~  
25 ~~Article on direct purchases of tangible personal property and services. Sales and use tax liability~~  
26 ~~indirectly incurred by the entity as part of a real property contract for real property that is owned~~  
27 ~~or leased by the entity and is a capital improvement for use by the entity is considered a sales or~~  
28 ~~use tax liability incurred on direct purchases by the entity for the purpose of this subsection. The~~  
29 ~~refund allowed under this subsection does not apply to purchases of electricity,~~  
30 ~~telecommunications service, ancillary service, piped natural gas, video programming, or a~~  
31 ~~prepaid meal plan. A request for a refund is due in the same time and manner as provided in~~  
32 ~~G.S. 105-164.14(c). Refunds applied for more than three years after the due date are barred."~~

33 **SECTION 4.** Effective July 1, 2019, G.S. 105-164.44H is repealed, and the Director  
34 of the Budget shall adjust the budget of the State Public School Fund accordingly.



1           **SECTION 5.** There is appropriated from the General Fund to the State Public School  
2 Fund a recurring amount equal to the amount of the adjustment in Section 4 of this act.

3           **SECTION 6.** Except as otherwise provided, this act becomes effective July 1, 2019,  
4 and applies to sales made on or after that date.