

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH10297-LCx-237 (05/20)

Short Title: No Nonprofit Refunds for Alcohol & Tobacco. (Public)

Sponsors: Representatives Luebke, Insko, and Weiss (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROHIBIT SALES TAX REFUNDS FOR NONPROFIT ENTITIES'
PURCHASES OF ALCOHOLIC BEVERAGES AND TOBACCO PRODUCTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.14(b) reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity included in the following list is allowed a semiannual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal ~~property~~property, other than alcoholic beverages, cigarettes, and tobacco products, and on services, other than electricity and telecommunications service, for use in carrying on the work of the nonprofit entity:

- (1) Hospitals not operated for profit, including hospitals and medical accommodations operated by an authority created under the Hospital Authorities Law, Article 2 of Chapter 131E of the General Statutes.
- (2) Educational institutions not operated for profit.
- (3) Churches, orphanages, and other charitable or religious institutions and organizations not operated for profit.
- (4) Qualified retirement facilities whose property is excluded from property tax under G.S. 105-278.6A.

Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity.

A hospital that is not allowed a refund under this subsection of sales and use taxes paid on its direct purchases of tangible personal property is allowed a semiannual refund

1 of sales and use taxes paid by it on medicines and drugs purchased for use in carrying
2 out its work.

3 The refunds allowed under this subsection for certain nonprofit entities and for
4 medicines and drugs purchased by hospitals do not apply to organizations, corporations,
5 and institutions that are owned and controlled by the United States, the State, or a unit
6 of local government, except hospital facilities created under Article 2 of Chapter 131E
7 of the General Statutes and nonprofit hospitals owned and controlled by a unit of local
8 government that elect to receive semiannual refunds under this subsection instead of
9 annual refunds under subsection ~~(e)~~(c) of this section.

10 A request for a refund must be in writing and must include any information and
11 documentation required by the Secretary. A request for a refund for the first six months
12 of a calendar year is due the following October 15; a request for a refund for the second
13 six months of a calendar year is due the following April 15."

14 **SECTION 2.** This act becomes effective July 1, 2004, and applies to refund
15 requests filed on or after that date.