

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 910

Short Title: Reduce Food Tax.

(Public)

Sponsors: Senators Gulley and Dannelly.

Referred to: Finance

May 1, 1995

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE STATE SALES TAX ON FOOD FROM FOUR PERCENT TO THREE PERCENT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.4(a) is amended by adding a new subdivision to read:

"(5) The rate of three percent (3%) applies to the sales price of food that is not otherwise exempt pursuant to G.S. 105-164.13 but would be exempt pursuant to G.S. 105-164.13 if it were purchased with coupons issued under the Food Stamp Program, 7 U.S.C. § 51."

Sec. 2. G.S. 105-465 reads as rewritten:

**"§ 105-465. County election as to adoption of local sales and use tax.**

The board of elections of any county, upon the written request of the board of county commissioners thereof, or upon receipt of a petition signed by qualified voters of the county equal in number to at least fifteen percent (15%) of the total number of votes cast in the county, at the last preceding election for the office of Governor, shall call a special election for the purpose of submitting to the voters of the county the question of whether a one percent (1%) sales and use tax as hereinafter provided will be levied.

The special election shall be held under the same rules and regulations applicable to the election of members of the General Assembly. No new registration of voters shall be required. All qualified voters in the county who are properly registered not later than 21 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at

1 said election. The county board of elections shall give at least 20 days' public notice prior  
2 to the closing of the registration books for the special election.

3 The county board of election shall prepare ballots for the special election ~~which shall~~  
4 ~~contain the words, 'election. The question presented on the ballot shall be 'FOR the one~~  
5 ~~percent (1%) local sales and use tax only on those items presently covered by the four percent~~  
6 ~~(4%) sales and use tax,' and the words, 'on items subject to State sales and use tax at the~~  
7 ~~general State rate and on food' or 'AGAINST the one percent (1%) local sales and use tax~~  
8 ~~only on those items presently covered by the four percent (4%) sales and use tax,' with~~  
9 ~~appropriate squares so that each voter may designate his vote by his cross (X) mark. on items~~  
10 ~~subject to State sales and use tax at the general State rate and on food'.~~

11 The county board of elections shall fix the date of the special election; provided,  
12 however, that the special election shall not be held on the date of any biennial election for  
13 county officers, nor within 60 days thereof, nor within one year from the date of the last  
14 preceding special election under this section."

15 Sec. 3. G.S. 105-467 reads as rewritten:

16 "**§ 105-467. Scope of sales tax.**

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

- 19 (1) The sales price of ~~those articles of~~ tangible personal property ~~now~~ subject  
20 to the general rate of sales tax imposed by the State under G.S. 105-  
21 164.4(a)(1) and ~~(4b); (a)(4b).~~
- 22 (2) The gross receipts derived from the lease or rental of tangible personal  
23 property when the lease or rental of the property is subject to the general  
24 rate of sales tax imposed by the State under G.S. ~~105-164.4(a)(2); 105-~~  
25 ~~164.4(a)(2).~~
- 26 (3) The gross receipts derived from the rental of any room or ~~lodging~~  
27 ~~furnished by any hotel, motel, inn, tourist camp or other similar~~  
28 accommodations ~~now~~ subject to the general rate of sales tax imposed by  
29 the State under G.S. ~~105-164.4(a)(3); and 105-164.4(a)(3).~~
- 30 (4) The gross receipts derived from services rendered by laundries, dry  
31 cleaners, and other businesses ~~now~~ subject to the general rate of sales  
32 tax imposed by the State under G.S. 105-164.4(a)(4).
- 33 (5) The sales price of food subject to three percent (3%) sales tax imposed  
34 by the State under G.S. 105-164.4(a)(5).

35 The sales tax authorized by this Article does not apply to sales that are taxable by the  
36 State under G.S. 105-164.4 but are not specifically included in subdivisions (1) through  
37 ~~(4)-(5)~~ of this section.

38 The State exemptions and exclusions contained in G.S. 105-164.13 and the State  
39 refund provisions contained in G.S. 105-164.14 shall ~~apply with equal force and in like~~  
40 ~~manner~~ to the local sales and use tax authorized to be levied and imposed under this  
41 Article. A taxing county shall ~~have no authority, with respect to the local sales and use tax~~  
42 ~~imposed under this Article to change, alter, add to or delete any refund provisions contained in~~  
43 ~~G.S. 105-164.14, or any exemptions or exclusions contained in G.S. 105-164.13 or which are~~

1 ~~elsewhere provided for. may not allow an exemption, exclusion, or refund that is not~~  
2 ~~allowed under the State sales and use tax.~~

3 The local sales tax authorized to be imposed and levied under ~~the provisions of this~~  
4 ~~Article shall apply to such retail sales, leases, rentals, the rendering of services,~~  
5 ~~furnishing of rooms, lodgings or accommodations and other applies to taxable~~  
6 ~~transactions which are made, furnished or rendered by retailers whose place of business is~~  
7 ~~located within the taxing county. The tax imposed shall apply to the furnishing of rooms,~~  
8 ~~lodging or other accommodations within the county which are rented to transients. For~~  
9 ~~the purpose of this Article, the situs of a transaction is the location of the retailer's place~~  
10 ~~of business."~~

11 Sec. 4. G.S. 105-468 reads as rewritten:

12 **"§ 105-468. Scope of use tax.**

13 The use tax ~~which may be imposed under authorized by this Article shall be is a tax at~~  
14 ~~the rate of one percent (1%) of the cost price of each item or article of tangible personal~~  
15 ~~property when it that is not sold in the taxing county but is used, consumed-consumed, or~~  
16 ~~stored for use or consumption in the taxing county, except that no tax shall be imposed upon~~  
17 ~~tangible personal property when the property would be taxed by the State at a rate other than the~~  
18 ~~general rate of tax set in G.S. 105-164.4 if it were taxable under G.S. 105-164.6. county. The~~  
19 ~~tax applies to the same items that are subject to tax under G.S. 105-467.~~

20 Every retailer who is engaged in business in this State and in the taxing county and is  
21 required to collect the use tax levied by G.S. 105-164.6 shall also collect the one percent  
22 (1%) use tax when such the property is to be used, consumed-consumed, or stored in the  
23 taxing county, one percent (1%) use tax to be collected concurrently with the State's use tax; but  
24 no retailer not required to collect the use tax levied by G.S. 105-164.6 shall be required to collect  
25 the one percent (1%) use tax. county. The use tax contemplated by this section shall be  
26 levied against the purchaser, and the purchaser's liability for the use tax shall be  
27 extinguished only upon payment of the use tax to the retailer, where the retailer is  
28 required to collect the tax, or to the Secretary of Revenue, or to the taxing county, as  
29 appropriate, Secretary, where the retailer is not required to collect the tax.

30 Where a local sales or use tax has been paid with respect to tangible personal property  
31 by the purchaser, either in another taxing county within the State, or in a taxing  
32 jurisdiction outside the State where the purpose of the tax is similar in purpose and intent  
33 to the tax which may be imposed pursuant to this Article, the tax paid may be credited  
34 against the tax imposed under this section by a taxing county upon the same property. If  
35 the amount of sales or use tax so paid is less than the amount of the use tax due the taxing  
36 county under this section, the purchaser shall pay to the Secretary of Revenue or to the  
37 ~~taxing county, as appropriate,~~ an amount equal to the difference between the amount so  
38 paid in the other taxing county or jurisdiction and the amount due in the taxing county.  
39 The Secretary of Revenue or the taxing county, as appropriate, may require such proof of  
40 payment in another taxing county or jurisdiction as is deemed to be necessary. The use  
41 tax levied under this Article is not subject to credit for payment of any State sales or use  
42 tax not imposed for the benefit and use of counties and municipalities. No credit shall be  
43 given under this section for sales or use taxes paid in a taxing jurisdiction outside this

1 State if that taxing jurisdiction does not grant similar credit for sales taxes paid under this  
2 Article."

3           Sec. 5. The first paragraph of Section 4 of Chapter 1096 of the 1967 Session  
4 Laws, as amended, is amended as follows:

5           (1) By deleting the word "and" before subdivision (4).

6           (2) By changing the period at the end of subdivision (4) to a semicolon and  
7 adding the word "and".

8           (3) By adding a new subdivision to read:

9           "(5) The sales price of food subject to three percent (3%) sales tax imposed  
10 by the State under G.S. 105-164.4(a)(5)."

11           Sec. 6. The first sentence of Section 5 of Chapter 1096 of the 1967 Session  
12 Laws is amended by deleting the first sentence of that section and substituting the  
13 following sentences to read:

14           "The use tax that Mecklenburg County may impose under this division is a tax at the  
15 rate of one percent (1%) of the cost price of each item or article of tangible personal  
16 property that is not sold but is used, consumed, or stored for use or consumption in  
17 Mecklenburg County. The tax applies to the same items that are subject to tax under  
18 Section 4 of this act."

19           Sec. 7. Approval under Article 39, 40, or 42 of Chapter 105 of the General  
20 Statutes, or under the Mecklenburg County Sales and Use Tax Act, Chapter 1096 of the  
21 1967 Session Laws, as amended, of local sales and use taxes on items subject to State  
22 sales and use tax at the general State rate constitutes approval of local sales and use taxes  
23 on food.

24           Sec. 8. This act becomes effective July 1, 1995, and applies to sales made on  
25 or after that date.