

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1474

Short Title: Local Option Food Tax Repeal.

(Public)

Sponsors: Representatives Allred; Decker, Cansler, Rayfield, Gillespie, and Womble.

Referred to: Rules, Calendar and Operations of the House.

May 13, 1999

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE COUNTIES TO EXEMPT FOOD FROM LOCAL SALES
AND USE TAXES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-467 reads as rewritten:

"§ 105-467. **Scope of sales tax.**

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

(1) The sales price of tangible personal property subject to the general rate of sales tax imposed by the State under G.S. 105-164.4(a)(1) and (a)(4b).

(2) The gross receipts derived from the lease or rental of tangible personal property when the lease or rental of the property is subject to the general rate of sales tax imposed by the State under G.S. 105-164.4(a)(2).

(3) The gross receipts derived from the rental of any room or other accommodations subject to the general rate of sales tax imposed by the State under G.S. 105-164.4(a)(3).

(4) The gross receipts derived from services rendered by laundries, dry cleaners, and other businesses subject to the general rate of sales tax imposed by the State under G.S. 105-164.4(a)(4).

1 (5) The sales price of food that is not otherwise exempt from tax pursuant to
2 G.S. 105-164.13 or this section but would be exempt from the State
3 sales and use tax pursuant to G.S. 105-164.13 if it were purchased under
4 the Food Stamp Program, 7 U.S.C. § 51.

5 (b) The sales tax authorized by this Article does not apply to sales that are taxable
6 by the State under G.S. 105-164.4 but are not specifically included in this section.

7 (c) ~~The~~ Except as provided in subsection (d), the State exemptions and exclusions
8 contained in G.S. 105-164.13 and the State refund provisions contained in G.S. 105-
9 164.14 apply to the local sales and use tax authorized to be levied and imposed under this
10 Article. A taxing county may not allow an exemption, exclusion, or refund that is not
11 allowed under the State sales and use tax.

12 (d) A county may, by resolution, after not less than 10 days' public notice and after
13 a public hearing on the question, exempt from tax food that is exempt from the State sales
14 tax under G.S. 105-164.13B. A resolution exempting food applies to the taxes imposed
15 in this Article and to any other general sales and use taxes levied by the county. A
16 county may, by resolution, revoke an exemption for food adopted under this subsection.

17 The effective date of a resolution adopted under this subsection must be the first day
18 of a calendar month and may not be earlier than the first day of the third succeeding
19 month after the date the resolution is adopted. Upon adopting a resolution under this
20 subsection, the county shall immediately deliver a certified copy of the resolution to the
21 Secretary.

22 (e) The local sales tax authorized to be imposed and levied under this Article
23 applies to taxable transactions by retailers whose place of business is located within the
24 taxing county. For the purpose of this Article, the situs of a transaction is the location of
25 the retailer's place of business."

26 Section 2. Section 4 of Chapter 1096 of the 1967 Session Laws, as amended,
27 is amended by adding a new paragraph to read:

28 "The county may, by resolution, after not less than 10 days' public notice and after a
29 public hearing on the question, exempt from tax food that is exempt from the State sales
30 tax under G.S. 105-164.13B. A resolution exempting food applies to the taxes imposed
31 in this Chapter and to any other general sales and use taxes levied by the county. The
32 county may, by resolution, revoke an exemption for food adopted under this subsection.

33 The effective date of a resolution adopted under this subsection must be the first day
34 of a calendar month and may not be earlier than the first day of the third succeeding
35 month after the date the resolution is adopted. Upon adopting a resolution under this
36 subsection, the county shall immediately deliver a certified copy of the resolution to the
37 Secretary."

38 Section 3. This act is effective when it becomes law.