

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

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SENATE DRS25047-LY-65 (1/31)

Short Title: Sales Tax Refund - Research Supplies. (Public)

Sponsors: Senator Hartsell.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW FOR A SALES AND USE TAX REFUND FOR SUPPLIES
USED IN RESEARCH, DEVELOPMENT, AND ANALYTICAL SERVICES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.3 is amended by adding a new subdivision to
read:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

...

(33a) Research, development, or analytical services. – One of the following:

a. Research or development in the physical, engineering, or life
sciences that is included in national industry 541710 of NAICS.

b. Testing laboratories that are included in national industry
541380 of NAICS or medical laboratories included in national
industry 621511 of NAICS."

SECTION 2. G.S. 105-164.14 is amended by adding a new subsection to
read:

"(n) Research and Development and Analytical Services Supplies. – A taxpayer
engaged in research, development, or analytical services is allowed a refund of the sales
and use tax paid by it in this State on tangible personal property that is consumed or
transformed in research, development, or analytical service activities. A request for a
refund must be in writing and must include any information and documentation that the
Secretary requires. A request for a refund is due within six months after the end of the
State's fiscal year. Refunds applied for after the due date are barred."

SECTION 3. Article 5 of Chapter 105 of the General Statutes is amended by
adding a new section to read:

"§ 105-164.44J. Transfer to the One North Carolina Small Business Account.

1 At the end of each fiscal quarter, the Secretary shall transfer to the One North
2 Carolina Small Business Account within the One North Carolina Fund, established
3 under G.S. 143B-437.71, an amount equal to twelve and one-half percent (12.5%) of the
4 amount of sales and use taxes refunded pursuant G.S. 105-164.14(n) during the previous
5 fiscal year, as determined by the Secretary based on available data."

6 **SECTION 4.** Section 3 of this act becomes effective July 1, 2008. The
7 remainder of this act becomes effective July 1, 2007, and applies to purchases made on
8 or after that date.