

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 963

Short Title: Raise State Sales Tax.

(Public)

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Sponsors: Senators Daniel, Basnight, Plyler, and Royall.

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Referred to: Rules Suspended; Passed 1st Reading; Calendar 7/1/91.

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June 28, 1991

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE STATE SALES TAX BY ONE CENT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.4 reads as rewritten:

**"§ 105-164.4. Tax imposed on retailers.**

(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales, or gross receipts from the lease or rental of tangible personal property, as appropriate: sales or gross receipts, as appropriate. The general rate of tax is four percent (4%).

(1) ~~At the rate of three percent (3%) of~~ The general rate of tax applies to the sales price of each item or article of tangible personal property that is sold at retail and is not subject to tax under another subdivision in this section.

(1a) ~~At the rate of two percent (2%) of~~ The rate of two percent (2%) applies to the sales price of each manufactured home sold at retail, including all accessories attached to the manufactured home when it is delivered to the purchaser, ~~not to exceed three hundred dollars (\$300.00).~~ purchaser. The maximum tax is three hundred dollars (\$300.00) per article. Each section of a manufactured home that is transported separately to the site where it is to be erected is a separate article.

(1b) ~~At the rate of two percent (2%) of~~ The rate of two percent (2%) applies to the sales price of each aircraft, boat, railway car, or locomotive sold at retail, including all accessories attached to the item when it is delivered to the purchaser, ~~not to exceed one thousand five hundred dollars~~

- 1                    ~~(\$1,500)-purchaser. The maximum tax is one thousand five hundred~~  
2                    ~~dollars (\$1,500) per article.~~
- 3            (1c) ~~At the rate of one percent (1%) of~~ The rate of one percent (1%) applies to  
4                    ~~the sales price of the following items:~~ articles:
- 5                    a.        Horses or mules by whomsoever sold.
- 6                    b.        Semen to be used in the artificial insemination of animals.
- 7                    c.        Sales of fuel, other than electricity or piped natural gas, to  
8                    farmers to be used by them for any farm purposes other than  
9                    preparing food, heating dwellings and other household  
10                    purposes. The quantity of fuel purchased or used at any one  
11                    time shall not in any manner be a determinative factor as to  
12                    whether any sale or use of fuel is or is not subject to the one  
13                    percent (1%) rate of tax imposed herein.
- 14                    d.        Sales of fuel, other than electricity or piped natural gas, to  
15                    manufacturing industries and manufacturing plants for use in  
16                    connection with the operation of such industries and plants  
17                    other than sales of fuels to be used for residential heating  
18                    purposes. The quantity of fuel purchased or used at any one  
19                    time shall not in any manner be a determinative factor as to  
20                    whether any sale or use of fuel is or is not subject to the ~~one~~  
21                    ~~percent (1%) rate of tax imposed herein.~~ rate of tax provided in this  
22                    subdivision.
- 23                    e.        Sales of fuel, other than electricity or piped natural gas, to  
24                    commercial laundries or to pressing and dry-cleaning  
25                    establishments for use in machinery used in the direct  
26                    performance of the laundering or the pressing and cleaning  
27                    service.
- 28                    f.        Sales to freezer locker plants of wrapping paper, cartons and  
29                    supplies consumed directly in the operation of such plant.
- 30            (1d) ~~At the rate of one percent (1%) of the sales price, subject to a~~  
31                    ~~maximum tax of eighty dollars (\$80.00) per article, on the following~~  
32                    ~~items:~~ The rate of one percent (1%) applies to the sales price of the  
33                    following articles. The maximum tax is eighty dollars (\$80.00) per  
34                    article.
- 35                    a.        Sales of machines and machinery, whether animal or motor  
36                    drawn or operated, and parts and accessories for such machines  
37                    and machinery to farmers for use by them in the planting,  
38                    cultivating, harvesting or curing of farm crops, and sales of  
39                    machines and machinery and parts and accessories for such  
40                    machines and machinery to dairy operators, poultry farmers,  
41                    egg producers, and livestock farmers for use by them in the  
42                    production of dairy products, poultry, eggs or livestock, except  
43                    such machines, machinery, equipment, parts, and accessories  
44                    that come within the provisions of G.S. 105-164.13(4c).

1           The term 'machines and machinery' as used in this  
2 subdivision is defined as follows:

3           The term shall include all vehicular implements, designed  
4 and sold for any use defined in this subdivision, which are  
5 operated, drawn or propelled by motor or animal power, but  
6 shall not include vehicular implements which are operated  
7 wholly by hand, and shall not include any motor vehicles  
8 required to be registered under Chapter 20 of the General  
9 Statutes.

10          The term shall include all nonvehicular implements and  
11 mechanical devices designed and sold for any use defined in  
12 this subdivision, which have moving parts, or which require the  
13 use of any motor or animal power, fuel, or electricity in their  
14 operation but shall not include nonvehicular implements which  
15 have no moving parts and are operated wholly by hand.

16          The term shall also include metal flues sold for use in curing  
17 tobacco, whether such flues are attached to handfired furnaces  
18 or used in connection with mechanical burners.

19          b. Sales of mill machinery or mill machinery parts and accessories  
20 to manufacturing industries and plants, and sales to contractors  
21 and subcontractors purchasing mill machinery or mill  
22 machinery parts and accessories for use by them in the  
23 performance of contracts with manufacturing industries and  
24 plants, and sales to subcontractors purchasing mill machinery or  
25 mill machinery parts and accessories for use by them in the  
26 performance of contracts with general contractors who have  
27 contracts with manufacturing industries and plants. As used in  
28 this paragraph, the term 'manufacturing industries and plants'  
29 does not include delicatessens, cafes, cafeterias, restaurants, and  
30 other similar retailers that are principally engaged in the retail  
31 sale of foods prepared by them for consumption on or off their  
32 premises.

33          c. Sales of central office equipment and switchboard and private  
34 branch exchange equipment to telephone companies regularly  
35 engaged in providing telephone service to subscribers on a  
36 commercial basis, and sales to these companies of prewritten  
37 computer programs used in providing telephone service to their  
38 subscribers.

39          d. Sales to commercial laundries or to pressing and dry cleaning  
40 establishments of machinery used in the direct performance of  
41 the laundering or the pressing and cleaning service and of parts  
42 and accessories thereto.

- 1 e. Sales to freezer locker plants of machinery used in the direct  
2 operation of said freezer locker plant and of parts and  
3 accessories thereto.
- 4 f. Sales of broadcasting equipment and parts and accessories  
5 thereto and towers to commercial radio and television  
6 companies which are under the regulation and supervision of  
7 the Federal Communications Commission.
- 8 g. Sales to farmers of bulk tobacco barns and racks and all parts  
9 and accessories thereto and similar apparatus used for the  
10 curing and drying of any farm produce.
- 11 h. Sales to farmers of grain, feed or soybean storage facilities and  
12 accessories thereto, whether or not dryers are attached, and all  
13 similar apparatus and accessories thereto for the storage of  
14 grain, feed or soybeans.
- 15 i. Sales of containers to farmers or producers for use in the  
16 planting, producing, harvesting, curing, marketing, packaging,  
17 sale, or transporting or delivery of their products when such  
18 containers do not go with and become part of the sale of their  
19 products at wholesale or retail.

20 (2) ~~At the applicable percentage rate of~~ The applicable percentage rate  
21 applies to the gross receipts derived from the lease or rental of tangible  
22 personal property by a person who is engaged in the business of  
23 leasing or renting tangible personal property, or is a retailer and leases  
24 or rents property of the type sold by the retailer. The applicable  
25 percentage rate is the rate and the maximum tax, if any, that applies to  
26 a sale of the property that is leased or rented. A person who leases or  
27 rents property shall also collect the tax imposed by this section on the  
28 separate retail sale of the property.

29 (3) Operators of hotels, motels, tourist homes, tourist camps, and similar  
30 type businesses and persons who rent private residences and cottages  
31 to transients are considered retailers under this Article. ~~There is levied~~  
32 ~~upon every such retailer a tax of three percent (3%) of the gross receipts~~  
33 ~~derived~~ A tax at the general rate of tax is levied on the gross receipts  
34 derived by these retailers from the rental of any rooms, lodgings, or  
35 accommodations furnished to transients for a consideration. This tax  
36 does not apply to any private residence or cottage that is rented for less  
37 than 15 days in a calendar year or to any room, lodging, or  
38 accommodation supplied to the same person for a period of 90 or more  
39 continuous days.

40 As used in this subdivision, the term 'persons who rent to  
41 transients' means (i) owners of private residences and cottages who  
42 rent to transients and (ii) rental agents, including 'real estate brokers'  
43 as defined in G.S. 93A-2, who rent private residences and cottages to

transients on behalf of the owners. If a rental agent is liable for the tax imposed by this subdivision, the owner is not liable.

- (4) ~~Every person, firm or corporation person engaged in the business of operating a pressing club, cleaning plant, hat-blocking establishment, dry-cleaning plant, laundry (including wet or damp wash laundries and businesses known as laundrettes and laundralls), dry cleaning, pressing, or hat-blocking establishment, a laundry, or any similar business, or engaged in the business of renting clean linen or towels or wearing apparel, or any similar business, or engaged in the business of soliciting cleaning, pressing, hat blocking, laundering or linen rental business for any of the aforementioned these businesses, shall be considered "retailers" for the purposes of this Article. is considered a retailer under this Article. There is hereby levied upon every such person, firm or corporation a tax of three percent (3%) of the gross receipts derived. A tax at the general rate of tax is levied on the gross receipts derived by these retailers from services rendered in engaging in any of the occupations or businesses named in this subdivision. subdivision, and every person, firm or corporation subject to the provisions of this subdivision shall register and secure a license in the manner hereinafter provided in this section, and, insofar as practicable, all other provisions of this Article shall be applicable with respect to the tax herein provided for. The tax imposed by this subdivision does not apply to receipts derived from coin or token-operated washing machines, extractors, and dryers. The taxes levied in this subdivision are additional privilege or license taxes for the privilege of engaging in the occupations or businesses named herein. Any person, firm or corporation engaged in cleaning, pressing, hat blocking, laundering for, or supplying clean linen or towels or wearing apparel to, another person, firm or corporation engaged in soliciting shall not be required to pay the three percent (3%) tax on its gross receipts derived through such solicitor, if the soliciting person, firm or corporation has registered with the Department, secured the license hereinafter required and has paid the tax at the rate of three percent (3%) of the total gross receipts derived from business solicited. The tax imposed by this subdivision does not apply to gross receipts derived from services performed for resale by a retailer that pays the tax on the total gross receipts derived from the services.~~

- (4a) ~~At the rate of three percent (3%) of~~ The rate of three percent (3%) applies to the gross receipts derived by a utility from sales of electricity, piped natural gas, or local telecommunications service as defined by G.S. 105-120(e). A person who operates a utility is considered a retailer under this Article.

- (4b) A person who sells tangible personal property at a flea market, other than ~~his~~ the person's own household personal property, is considered a

1 retailer under this Article. A tax at the general rate of tax is levied on  
2 ~~that person at the rate of three percent (3%) of the sales price of each~~  
3 ~~article sold by him the retailer at the flea market.~~ A person who leases  
4 or rents space to others at a flea market may not lease or rent this space  
5 unless the retailer requesting to rent or lease the space ~~furnishes~~  
6 ~~evidence that he has obtained~~ shows the license or a copy of the license  
7 ~~required by this Article.~~ Article or other evidence of compliance. A  
8 person who leases or rents space at a flea market shall keep records of  
9 retailers ~~to whom he has~~ who have leased or rented space at the flea  
10 market. As used in this subdivision, the term 'flea market' means a  
11 place where space is rented to a person for the purpose of selling  
12 tangible personal property.

13 (4c) ~~At the~~ The rate of six and one-half percent (6 1/2%) ~~of~~ applies to the  
14 gross receipts derived from providing toll telecommunications services  
15 or private telecommunications services as defined by G.S. 105-120(e)  
16 that both originate from and terminate in the State and are not subject  
17 to the privilege tax under G.S. 105-120. Any business entity that  
18 ~~provides the service outlined above~~ these services is considered a retailer  
19 under this Article. This subdivision does not apply to telephone  
20 membership corporations as described in Chapter 117 of the General  
21 Statutes.

22 (b) The tax levied in this section shall be collected from the retailer and paid by  
23 him at the time and in the manner as hereinafter provided. Provided, however, that any  
24 person engaging or continuing in business as a retailer shall pay the tax required on the  
25 net taxable sales of such business at the rates specified when proper books are kept  
26 showing separately the gross proceeds of taxable and nontaxable sales of tangible  
27 personal property in such form as may be accurately and conveniently checked by the  
28 Secretary or his duly authorized agent. If such records are not kept separately the tax  
29 shall be paid as a retailer on the gross sales of business and the exemptions and  
30 exclusions provided by this Article shall not be allowed. The tax levied in this section is  
31 in addition to all other taxes whether levied in the form of excise, license or privilege or  
32 other taxes.

33 (c) Any person who engages or continues in any business for which a privilege  
34 tax is imposed by this Article shall immediately after July 1, 1979, apply for and obtain  
35 from the Secretary upon payment of the sum of five dollars (\$5.00) a license to engage  
36 in and conduct such business upon the condition that the person shall pay the tax  
37 accruing to the State under this Article; the person shall thereby be duly licensed and  
38 registered to engage in and conduct such business. Except as hereinafter provided, a  
39 license issued under this subsection shall be a continuing license until revoked for  
40 failure to comply with the provisions of this Article. However, any person who has  
41 heretofore applied for and obtained the license, if the license was in force and effect as  
42 of July 1, 1979, shall not be required to apply for and obtain a new license.

43 Any person who ceases to be engaged in any business for which a privilege tax is  
44 imposed by this Article, and who remains continuously out of business for a period of

1 five years shall apply for and obtain a new license from the Secretary upon the payment  
2 of a tax of five dollars (\$5.00), and any license previously issued under this section shall  
3 be void. The burden of proof after such period shall be upon the taxpayer to show that  
4 he did engage in such business within the period, and that no new license is required.

5 A retailer who sells tangible personal property at a flea market shall conspicuously  
6 display his sales tax license when making sales at the flea market."

7 Sec. 2. G.S. 105-164.6(b) reads as rewritten:

8 "(b) ~~There is hereby levied and there shall be collected from every person, firm, or~~  
9 ~~corporation, an excise tax of three percent (3%) of the purchase price of all tangible~~  
10 ~~personal property purchased or used which shall enter into or become a part of any~~  
11 ~~building or other kind of structure in this State, including all materials, supplies, fixtures~~  
12 ~~and equipment of every kind and description which shall be annexed thereto or in any~~  
13 ~~manner become a part thereof. The tax shall be levied against the purchaser of such~~  
14 ~~property. Provided, that where the purchaser is a contractor, the contractor and owner~~  
15 ~~shall be jointly and severally liable for the tax, but the liability of the owner shall be~~  
16 ~~deemed satisfied if before final settlement between them the contractor furnishes to the~~  
17 ~~owner an affidavit certifying that the tax has been paid. Provided further, that where the~~  
18 ~~purchaser is a subcontractor, the contractor and subcontractor shall be jointly and~~  
19 ~~severally liable for the tax, but the liability of the contractor shall be deemed satisfied if~~  
20 ~~before final settlement between them the subcontractor furnishes to the contractor an~~  
21 ~~affidavit certifying that the tax has been paid.~~ An excise tax at the general rate of tax set  
22 in G.S. 105-164.4 is imposed on the purchase price of tangible personal property  
23 purchased inside or outside the State that becomes a part of a building or other structure  
24 in the State. The purchaser of the property is liable for the tax. If the purchaser is a  
25 contractor, the contractor and owner are jointly and severally liable for the tax; if the  
26 purchaser is a subcontractor, the subcontractor and contractor are jointly and severally  
27 liable for the tax. The liability of an owner or contractor who did not purchase the  
28 property is satisfied if the purchaser delivers to the owner or contractor before final  
29 settlement between them an affidavit certifying that the tax has been paid."

30 Sec. 3. G.S. 105-164.10 reads as rewritten:

31 "**§ 105-164.10. Retail bracket system.**

32 For the convenience of the retailer in collecting the tax due ~~at the rate of three~~  
33 ~~percent (3%) and to facilitate the administration of this Article, every retailer engaged in~~  
34 ~~or continuing within this State in a business for which a license, privilege or excise tax~~  
35 ~~is required by this Article shall add to the sale price and collect from the purchaser on~~  
36 ~~all taxable retail sales an amount equal to the following:~~

- 37 (1) ~~No amount on sales of less than 10¢.~~  
38 (2) ~~1¢ on sales of 10¢ and over but not in excess of 35¢.~~  
39 (3) ~~2¢ on sales of 36¢ and over but not in excess of 70¢.~~  
40 (4) ~~3¢ on sales of 71¢ and over but not in excess of \$1.16.~~  
41 (5) ~~Sales over \$1.16—straight 3% with major fractions governing.~~

42 Use of the above bracket does not relieve the retailer from the duty and liability to  
43 remit to the Secretary an amount equal to three percent (3%) of the gross receipts

1 derived from all taxable retail sales subject to the three percent (3%) rate during the  
2 taxable period.

3 ~~Whenever a sales or use tax is due at a rate of less than three percent (3%), the tax~~  
4 ~~shall be computed by multiplying the sales or purchase price by the applicable rate and~~  
5 ~~by rounding the result off to the nearest whole cent. The use of this method in~~  
6 ~~computing the sales or use tax shall not relieve a taxpayer from the duty and liability of~~  
7 ~~remitting to the Secretary an amount equal to the applicable rates times gross receipts~~  
8 ~~subject to taxation at the lesser rates. under this Article, the Secretary shall prescribe~~  
9 ~~tables that compute the tax due on sales by rounding off the amount of tax due to the~~  
10 ~~nearest whole cent. The Secretary shall issue a separate table for each rate of tax that~~  
11 ~~may apply to a sale, including the general rate established in G.S. 105-164.4,~~  
12 ~~preferential rates, and combined State and local rates. Use of the tables prescribed by~~  
13 ~~the Secretary does not relieve a retailer of liability for the applicable rate of tax due on~~  
14 ~~the gross receipts or net taxable sales of the retailer.~~"

15 Sec. 4. G.S. 105-164.13(18) reads as rewritten:

16 "(18) Funeral expenses, including coffins and caskets, not to exceed one  
17 thousand five hundred dollars (\$1,500). All other funeral expenses,  
18 including gross receipts for services rendered, shall be taxable at the  
19 ~~rate of three percent (3%). general rate of tax set in G.S. 105-164.4.~~  
20 However, 'services rendered' shall not include those services which  
21 have been taxed pursuant to G.S. 105-164.4(4), or to those services  
22 performed by any beautician, cosmetologist, hairdresser or barber  
23 employed by or at the specific direction of the family or personal  
24 representative of a deceased; and 'funeral expenses' and 'services  
25 rendered' shall not include death certificates procured by or at the  
26 specific direction of the family or personal representative of a  
27 deceased. Where coffins, caskets or vaults are purchased direct and a  
28 separate charge is paid for services, the provisions of this subdivision  
29 shall apply to the total for both."

30 Sec. 5. G.S. 105-465 reads as rewritten:

31 **"§ 105-465. County election as to adoption of local sales and use tax.**

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

38 The special election shall be held under the same rules and regulations applicable to  
39 the election of members of the General Assembly. No new registration of voters shall be  
40 required. All qualified voters in the county who are properly registered not later than 21  
41 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at  
42 said election. The county board of elections shall give at least 20 days' public notice  
43 prior to the closing of the registration books for the special election.

1 The county board of election shall prepare ballots for the special election which shall  
2 contain the words, 'FOR the one percent (1%) local sales and use tax only on those  
3 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'  
4 and the words, 'AGAINST the one percent (1%) local sales and use tax only on those  
5 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'  
6 with appropriate squares so that each voter may designate his vote by his cross (X)  
7 mark.

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

12 Sec. 6. G.S. 105-467 reads as rewritten:

13 **"§ 105-467. Scope of sales tax.**

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

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

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

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

41 The local sales tax authorized to be imposed and levied under the provisions of this  
42 Article shall apply to such retail sales, leases, rentals, rendering of services, furnishing  
43 of rooms, lodgings or accommodations and other taxable transactions which are made,  
44 furnished or rendered by retailers whose place of business is located within the taxing

1 county. The tax imposed shall apply to the furnishing of rooms, lodging or other  
2 accommodations within the county which are rented to transients. For the purpose of  
3 this Article, the situs of a transaction is the location of the retailer's place of business."

4 Sec. 7. G.S. 105-468 reads as rewritten:

5 **"§ 105-468. Scope of use tax.**

6 The use tax which may be imposed under this Article shall be at the rate of one  
7 percent (1%) of the cost price of each item or article of tangible personal property when  
8 it is not sold but used, consumed or stored for use or consumption in the taxing county,  
9 except that no tax shall be imposed upon tangible personal property when the property  
10 would be taxed by the State at a rate of ~~other than three percent (3%)~~ other than the  
11 general rate of tax set in G.S. 105-164.4 if it were taxable under G.S. 105-164.6.

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

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

38 Sec. 8. G.S. 105-470, 105-485, and 105-500 and Article 41 of Chapter 105 of  
39 the General Statutes are repealed.

40 Sec. 9. Chapter 1096 of the 1967 Session Laws is amended as follows:

- 41 (1) The title is amended by deleting the phrase "THREE PER CENT  
42 SALES AND USE TAX." and substituting the phrase "SALES AND  
43 USE TAX AT THE GENERAL STATE RATE OF TAX SET IN G.S.  
44 105-164.4."

- 1 (2) Section 4 is amended by deleting the phrase "three per cent (3%)" each  
2 time it appears and substituting the phrase "general rate of".  
3 (3) Section 5 is amended by deleting the phrase "of other than three  
4 percent (3%)" and substituting the phrase "other than the general rate of  
5 tax set in G.S. 105-164.4".  
6 (4) Section 7 is repealed.  
7 (5) Section 10.1(d) is amended by deleting the phrase "Items on Which the  
8 State Now Imposes a Three Percent (3%) Sales Tax." and substituting  
9 the phrase "Scope."

10 Sec. 10. (a) Approval under the Local Government Sales and Use Tax Act,  
11 Article 39 of Chapter 105 of the General Statutes, or under the Mecklenburg County  
12 Sales and Use Tax Act, Chapter 1096 of the 1967 Session Laws, as amended, of one  
13 percent (1%) local sales and use taxes in addition to the three percent (3%) State sales  
14 and use taxes constitutes approval of one percent (1%) local sales and use taxes in  
15 addition to the four percent (4%) State sales and use taxes.

16 (b) Approval under the Supplemental Local Government Sales and Use Tax Act,  
17 Article 40 of Chapter 105 of the General Statutes, of one-half percent (1/2%) local sales  
18 and use taxes in addition to the one percent (1%) local sales and use taxes and three  
19 percent (3%) State sales and use taxes constitutes approval of one-half percent (1/2%)  
20 local sales and use taxes in addition to the one percent (1%) local sales and use taxes  
21 and the four percent (4%) State sales and use taxes.

22 (c) Approval under the Additional Supplemental Local Government Sales and  
23 Use Tax Act, Article 42 of Chapter 105 of the General Statutes, of one-half percent  
24 (1/2%) local sales and use taxes in addition to the one and one-half percent (1-1/2%)  
25 local sales and use taxes and three percent (3%) State sales and use taxes constitutes  
26 approval of one-half percent (1/2%) local sales and use taxes in addition to the one and  
27 one-half percent (1-1/2%) local sales and use taxes and the four percent (4%) State sales  
28 and use taxes.

29 Sec. 11. The provisions of this act increasing the State sales and use tax from  
30 three percent (3%) to four percent (4%) do not apply to construction materials  
31 purchased to fulfill a lump sum or unit price contract entered into or awarded before the  
32 effective date of the increase or entered into or awarded pursuant to a bid made before  
33 the effective date of the increase when the construction materials would otherwise be  
34 subject to the State sales and use tax at the rate of four percent (4%).

35 Sec. 12. To pay for the additional costs of implementing the provisions of  
36 this act in a timely manner, the Department of Revenue shall retain the sum of four  
37 hundred fifty thousand dollars (\$450,000) from collections received by the Department  
38 during July 1991 under Article 5 of Chapter 105 of the General Statutes.

39 Sec. 13. This act becomes effective July 8, 1991, and applies to sales made  
40 on or after that date.