

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2509
Committee Substitute Favorable 6/19/08
Third Edition Engrossed 6/24/08

Short Title: Sales Tax Refund for Certain Nonprofits.

(Public)

Sponsors:

Referred to:

May 26, 2008

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE A SEMIANNUAL SALES AND USE TAX REFUND TO
2 A NONPROFIT ORGANIZATION THAT PROCURES, DESIGNS,
3 CONSTRUCTS, OR PROVIDES FACILITIES TO A CONSTITUENT
4 INSTITUTION OF THE UNIVERSITY OF NORTH CAROLINA.
5

6 The General Assembly of North Carolina enacts:

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

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

13 (1) Hospitals not operated for profit, including hospitals and medical
14 accommodations operated by an authority created under the Hospital
15 Authorities Law, Article 2 of Chapter 131E of the General Statutes.

16 (2) Educational institutions not operated for profit.

17 (3) Churches, orphanages, and other charitable or religious institutions and
18 organizations not operated for profit.

19 (4) Qualified retirement facilities whose property is excluded from
20 property tax under G.S. 105-278.6A.

21 (5) A university affiliated nonprofit organization that procures, designs,
22 constructs, or provides facilities to, or for use by, a constituent
23 institution of The University of North Carolina. For purposes of this
24 subdivision, a nonprofit organization includes an entity exempt from
25 taxation as a disregarded entity of the nonprofit organization.

26 Sales and use tax liability indirectly incurred by a nonprofit entity on building
27 materials, supplies, fixtures, and equipment that become a part of or annexed to any
28 building or structure that is owned or leased by the nonprofit entity and is being erected,

1 altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities
2 is considered a sales or use tax liability incurred on direct purchases by the nonprofit
3 entity.

4 A hospital that is not allowed a refund under this subsection of sales and use taxes
5 paid on its direct purchases of tangible personal property is allowed a semiannual refund
6 of sales and use taxes paid by it on medicines and drugs purchased for use in carrying
7 out its work.

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

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

19 **SECTION 2.** This act becomes effective July 1, 2008, and applies to
20 purchases made on or after that date.