

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1509
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Short Title: Revenue Administrative Changes. (Public)

Sponsors: Representatives Holliman, Luebke, Wainwright (Primary Sponsors);
Allen, Buchanan, Hill, and Jarrell.

Referred to: Finance.

June 4, 2002

A BILL TO BE ENTITLED
AN ACT TO CLARIFY THE SALES AND USE TAX EXEMPTION REGARDING
CERTAIN AGRICULTURAL SUBSTANCES AND TO MAKE VARIOUS
ADMINISTRATIVE CHANGES IN THE TAX LAWS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.13(2a) reads as rewritten:

"(2a) Any of the following substances when purchased for use on animals or plants, as appropriate, held or produced for commercial ~~purposes~~:purposes. This exemption does not apply to any equipment or devices used to administer, release, apply, or otherwise dispense these substances:

- a. Remedies, vaccines, medications, litter materials, and feeds for animals.
- b. Rodenticides, insecticides, herbicides, fungicides, and pesticides.
- c. Defoliant for use on cotton or other crops.
- d. Plant growth inhibitors, regulators, or stimulators, including systemic and contact or other sucker control agents for tobacco and other crops."

SECTION 2. G.S. 105-164.16(b) reads as rewritten:

"(b) Quarterly. – A taxpayer who is consistently liable for less than one hundred dollars (\$100.00) a month in State and local sales and use taxes must file a return and pay the taxes due on a quarterly basis. A quarterly return covers a calendar quarter and is due by the 15th last day of the month following the end of the quarter."

SECTION 3. G.S. 105-164.16(b2) reads as rewritten:

"(b2) Semimonthly. – A taxpayer who is consistently liable for at least ten thousand dollars (\$10,000) a month in State and local sales and use taxes must pay the tax twice a month and must file a return on a monthly basis. One semimonthly payment covers the period from the first day of the month through the 15th day of the month. The other semimonthly payment covers the period from the 16th day of the month through the last

1 day of the month. The semimonthly payment for the period that ends on the 15th day of
2 the month is due by the 25th day of that month. The semimonthly payment for the period
3 that ends on the last day of the month is due by the 10th day of the following month.

4 A return covers both semimonthly payment periods. The return is due by the 20th
5 day of the month following the month of the payment periods covered by the return. A
6 taxpayer is not subject to interest on or penalties for an underpayment for a
7 semimonthly payment period if the taxpayer timely pays at least ninety-five percent
8 (95%) of the ~~amount due for each semimonthly payment period~~ lesser of the following
9 and includes the underpayment with the monthly return for those semimonthly payment
10 ~~periods~~ periods:

11 (1) The amount due for each semimonthly payment period.

12 (2) The average semimonthly payment for the prior calendar year."

13 **SECTION 4.** Part 5 of Article 5 of Chapter 105 is amended by adding a new
14 section to read:

15 "**§ 105-164.28A. Other exemption certificates.**

16 (a) Authorization. – The Secretary may require a person who purchases tangible
17 personal property that is exempt from tax or is subject to a preferential rate of tax
18 depending on the status of the purchaser or the intended use of the property to obtain an
19 exemption certificate from the Department to receive the exemption or preferential rate.
20 An exemption certificate authorizes a retailer to sell tangible personal property to the
21 holder of the certificate and either collect tax at a preferential rate or not collect tax on
22 the sale, as appropriate. A person who purchases tangible personal property under an
23 exemption certificate is liable for any tax due on the sale if the Department determines
24 that the person is not eligible for the certificate or the property was not used as intended.

25 (b) Scope. – This section does not apply to a direct pay permit or a certificate of
26 resale. G.S. 105-164.27A addresses a direct pay permit, and G.S. 105-164.28 addresses
27 a certificate of resale."

28 **SECTION 5.** Section 2 of this act becomes effective October 1, 2002, and
29 applies to taxes levied on or after that date. Section 3 of this act becomes effective July
30 1, 2002, and applies to payments due on or after that date. The remainder of this act is
31 effective when it becomes law.