

February 14, 2001

S 144. STREAMLINED SALES/USE TAX AGREEMENT. TO ENABLE NORTH CAROLINA TO ENTER THE STREAMLINED SALES AND USE TAX AGREEMENT. Part I amends GS Ch. 105, Art. 5, by adding a new Part 7A entitled "Uniform Sales and Use Tax Administration Act," recodifies GS 105-164.43A(a) as GS 105-164.42H(a), GS 105-164.43A(b) as GS 105-164.42I(a), and GS 105-164.43B as GS 105-164.42I(b), and repeals GS 105-164.43C. Authorizes the Sec'y of Revenue to enter into the Streamlined Sales and Use Tax Agreement (Agreement) with other states to simplify and modernize sales and use tax administration. Provides that no part of the Agreement invalidates or amends NC law and that its implementation must be made pursuant to an act of the General Assembly. Specifies that the Sec'y may not enter into the Agreement unless it requires each state to abide by certain requirements including, but not limited to, uniform state rates, standards, and definitions. Provides that NC's entry into the Agreement does not create a cause of action or defense to a cause of action and that state law cannot be declared invalid on grounds that it is inconsistent with the Agreement. Provides that a seller who uses an automated system certified by the Sec'y to perform sales tax administration functions is liable for taxes due on its transactions except for underpayments due to errors in the system; a person who provides such a system is liable for underpayments attributable to errors in the system. Provides that when a seller contracts with a service provider certified by the Sec'y to collect and remit taxes, the service provider is liable for taxes due on all transactions it processes unless the seller engaged in misrepresentation or fraud, in which case the seller is liable. Absent misrepresentation or fraud, a seller is not subject to audit on transactions processed by the service provider but is subject to audit on other transactions; certified service providers are subject to audit. Provides that the Sec'y may establish a performance standard for a seller engaged in business in NC and at least 10 other states and has developed a proprietary system for determining the amount of taxes due. A seller that enters into an agreement with the Sec'y establishing a performance standard for that system is liable for its failure to meet the standard. Part II makes conforming changes, including but not limited to the following: recodifies GS 105-164.3(16c) as GS 105-164.3(16d) and GS 105-164.3(16b) as GS 105-164.3(16c), repeals GS 105-164.12, amends GS 105-164.13 (exemptions from retail sales and use tax) to add exemptions for certain amounts charged as deposits on beverage containers that are returnable to the vendor for reuse, certain amounts charged as deposits on aeronautic, automotive, industrial, marine, or farm replacement parts that are returnable to the vendor for rebuilding or remanufacturing, installation charges when they are separately stated, and 50% of the sales price of tangible personal property sold through a coin-operated vending machine other than closed-container soft drinks and tobacco, amends 105-164.13B (exempting food from tax under GS Ch. 105 Art. 5) to exempt the following: candy, dietary supplements, prepared foods, food sold through a vending machine, and soft drinks. Part II becomes effective on Jan. 1, 2002 if the Agreement becomes effective before Aug. 1, 2001. If the Agreement does not become effective before that date, Part II becomes effective on the first day of the fourth month after the Agreement becomes effective.

Intro. by Kerr, Hartsell, Hoyle, Dalton, Webster.

Ref. to Finance	GS 105
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May 23, 2001

S 144. STREAMLINED SALES AND USE TAX AGREEMENT. Intro. 2/14/01. Senate committee substitute makes the following changes to 1st edition. Makes technical and clarifying changes. Adds additional conforming changes to Part 2 of bill, including: (1) the addition of new section GS 105-164.4B to clarify that sales are sourced based upon destination and to provide principles for determining the source of a sale, (2) amendments to GS 105-164.16 to provide that returns must be filed and taxes paid on a quarterly, monthly, or semimonthly basis depending upon the amount of taxes paid by the taxpayer, and (3) the creation of new article 5F in Chapter 105, beginning at GS 105-187.50, regulating the privilege tax on the purchase of mill machinery. Provides that the tax is 1% of the sales price of the machinery, part, or accessory purchased, with a maximum of \$80 per article. Amendments regarding mill machinery tax are effective Jan. 1, 2006. Amends effective date of bill to provide that provisions allowing NC to enter into Streamlined Sales and Use Tax Agreement expire on Jan. 1, 2006 unless (1) 15 states have signed the Agreement, or

(2) states representing a combined resident population equal to at least 10% of the national resident population have signed the Agreement. Specifies that other conforming changes within Part 2 of bill are effective Jan. 1, 2002.

May 29, 2001

S 144. STREAMLINED SALES AND USE TAX AGREEMENT. Intro. 2/14/01. Senate committee substitute makes the following changes to 2nd edition. Makes technical changes only.

July 16, 2001

S 144. STREAMLINED SALES AND USE TAX AGREEMENT. Intro. 2/14/01. House committee substitute makes the following changes to 2nd edition. Makes technical changes.

August 13, 2001

SL 2001-347 (S 144). STREAMLINED SALES AND USE TAX AGREEMENT. AN ACT TO ENABLE NORTH CAROLINA TO ENTER THE STREAMLINED SALES AND USE TAX AGREEMENT. Summarized in *Daily Bulletin* 2/14/01, 5/23/01, 5/29/01, and 7/16/01. Enacted Aug. 8, 2001. Part 1 of this act is effective Aug. 8, 2001, and expires Jan. 1, 2006, unless one of the following occurs: (i) 15 states have signed the Streamlined Sales and Use Tax Agreement, or (ii) states representing a combined resident population equal to at least ten percent (10%) of the national resident population, as determined by the 2000 federal decennial census, have signed the Agreement. Section 2.8, GS 105-164.13(5a), as enacted by Section 2.12, and Section 2.17 of Part 2 of this act become effective Jan. 1, 2006. The remainder of Part 2 of this act becomes effective Jan. 1, 2002. The remainder of this act is effective Aug. 8, 2001.