

May 15, 2008

**H 2137. SCHOOL CONSTRUCTION OPTIMIZATION ACT.** Filed 5/15/08. *TO ALLOW A SALES AND USE TAX EXEMPTION FOR LOCAL SCHOOL ADMINISTRATIVE UNITS AND TO REENACT THE SALES AND USE TAX REFUND FOR LOCAL SCHOOL ADMINISTRATIVE UNITS, SO AS TO OPTIMIZE SCHOOL CONSTRUCTION FUNDING.*

Section 7.51 of SL 2005-276, as amended, repealed the state sales tax refund for local school administrative units (school districts) and replaced it with a recurring transfer of the equivalent amount of state funds to the State Public School Fund for allotment to school districts. The result was to funnel all state moneys for public education through the budgetary process by eliminating the state funds going directly to local school units as refunds. The provision did not affect the local sales tax refund for school districts.

H 2137 reenacts the repealed refund provisions in GS 105-164.14(c) and repeals the annual distribution to the State Public School Fund (GS 105-164.44H). It also amends GS 105-164.13 and enacts new GS 105-164.29B to provide a sales tax exemption for school district purchases that meet specified conditions. Makes conforming changes to GS 105-467(b) and section 7.51 of SL 2005-276, as amended. Effective for purchases made on or after January 1, 2009.

**Intro. by Gibson, Folwell, Yongue, Pate.**

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