

NORTH CAROLINA GENERAL ASSEMBLY  
CONFERENCE REPORT  
House Bill 399

H399-CRSV-1 [v.2]

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[NO] Title Change

[NO] For Committee Substitute

To: The President of the Senate  
The Speaker of the House of Representatives

The conferees appointed to resolve the differences between the Senate and the House of Representatives on House Bill 399, A BILL TO BE ENTITLED AN ACT TO MAKE CERTAIN TAX CHANGES, TO EXTEND CERTAIN TAX BENEFITS, AND TO APPROPRIATE FUNDS FROM THE COLLECTIONS ASSISTANCE FEE SPECIAL FUND TO THE DEPARTMENT OF REVENUE, Senate Appropriations/Base Budget Committee Substitute Adopted 10/8/19, submit the following report:

The House and the Senate agree to the following amendment(s) to the Senate Appropriations/Base Budget Committee Substitute Adopted 10/8/19, and the House concurs in the Committee Substitute, as amended:

On page 2, lines 12-14, by rewriting the lines to read:

"SECTION 2.(c) This section is effective for taxable years beginning on or after January 1, 2019, and applies to amounts received by a taxpayer on or after that date.";

and on page 5, lines 17-18, by inserting the following new section between the lines:

**"TECHNICAL CHANGES**

**SECTION 8.1.(a)** G.S. 105-164.13(61a) reads as rewritten:

"(61a) The sales price of or the gross receipts derived from the repair, maintenance, and installation services and service contracts listed in this subdivision are exempt from tax. Except as otherwise provided in this subdivision, property and services used to fulfill either a repair, maintenance, or installation service or a service contract exempt from tax under this subdivision are taxable. The list of repair, maintenance, and installation services and service contracts exempt from tax under this subdivision is as follows:

- ...
- k. Self-service ~~car~~-vehicle wash or vacuum and limited-service vehicle wash. For purposes of this sub-subdivision, the following definitions apply:
  1. Limited-service vehicle wash. – The cleaning of a vehicle by mechanical means where the only activities performed by an employee include one or more of the following: (i) receiving



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payment for the transaction, (ii) guiding the vehicle into the entrance or exit of a conveyor, (iii) applying low-pressure spray of chemicals to the vehicle prior to the cleaning of the vehicle, or (iv) placing protective tape or covers on the vehicle prior to cleaning. The term does not include any activity whereby an employee physically touches the vehicle for the purpose of cleaning or restoring the vehicle, enters or cleans any part of the interior of the vehicle, or performs an activity on the vehicle other than one of those listed in this sub-sub-subdivision.

2. Self-service vehicle wash or vacuum. – The cleaning of a vehicle by a customer without any cleaning or restoring activity performed by an employee."

**SECTION 8.1.(b)** G.S. 105-164.3 reads as rewritten:

**"§ 105-164.3. Definitions.**

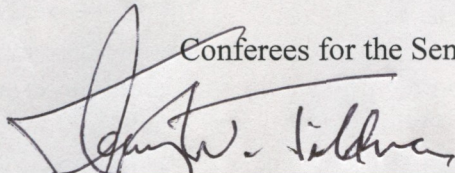
The following definitions apply in this Article:

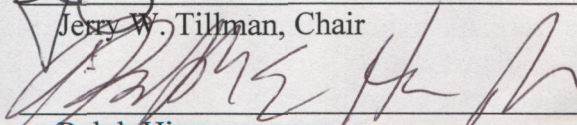
- ...
- (12) Gross sales. – The sum total of the sales price of all sales of ~~items~~tangible personal property, digital property, and services.
- ...
- (16a) Item. – Tangible personal property, ~~certain~~digital property, or a service, unless the context requires otherwise.
- ...."".

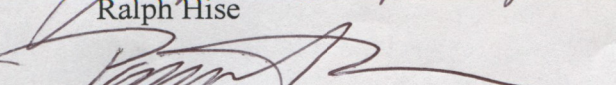
The conferees recommend that the Senate and the House of Representatives adopt this report.

Date Conferees approved report: October <sup>23</sup>\_\_, 2019.

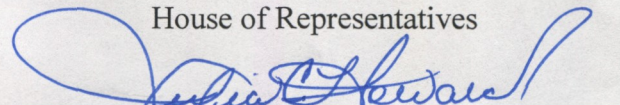
Conferees for the Senate

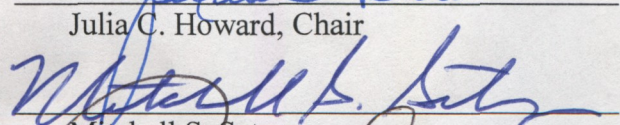
  
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 Jerry W. Tillman, Chair

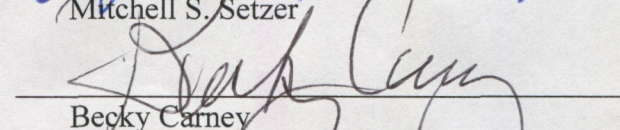
  
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 Ralph Hise

  
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 Paul Newton

Conferees for the House of Representatives

  
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 Julia C. Howard, Chair

  
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 Mitchell S. Setzer

  
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 Becky Carney

HOUSE

Submitted 10.23.19 / CAL 44d FOR 10.24.19  
 ADOPTED \_\_\_\_\_ ( / ) PC Message Received \_\_\_\_\_  
 ADOPTED \_\_\_\_\_ ( / ) Ordered Enrolled \_\_\_\_\_

