

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 733
PROPOSED HOUSE COMMITTEE SUBSTITUTE S733-PCS35428-RBx-38

Short Title: UNC Capital Projects/Grace for CCRC. (Public)

Sponsors:

Referred to:

May 14, 2020

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE ACQUISITION OR CONSTRUCTION AND THE
3 FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF
4 CERTAIN CAPITAL IMPROVEMENT PROJECTS OF THE CONSTITUENT
5 INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA AND TO FORGIVE
6 CERTAIN SALES TAX ASSESSMENTS AGAINST CONTINUING CARE
7 RETIREMENT COMMUNITIES.

8 The General Assembly of North Carolina enacts:

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10 **PART I. UNC CAPITAL PROJECTS**

11 **SECTION 1.(a)** The purpose of this section is to authorize (i) the acquisition or
12 construction of the capital improvement projects listed in this section for the respective
13 institutions of The University of North Carolina and (ii) the financing of these projects with funds
14 available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, Medicare
15 reimbursements for education costs, hospital receipts from patient care, or other funds, or any
16 combination of these funds, but not including funds received for tuition or appropriated from the
17 General Fund of the State unless previously authorized by General Statute.

18 **SECTION 1.(b)** The capital improvement projects, and their respective costs,
19 authorized by this section to be acquired or constructed and financed as provided in subsection
20 (a) of this section, including by revenue bonds, by special obligation bonds as authorized in
21 subsection (d) of this section, or by both, are as follows:

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23 **University of North Carolina at Chapel Hill**

24 Morehead Chemistry Laboratory HVAC Upgrades \$22,000,000

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26 **University of North Carolina at Chapel Hill**

27 Campus-Wide Life Safety Upgrades – Phase 1 \$6,500,000

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29 **Western Carolina University**

30 Lower Campus Residence Halls – Phase 2 \$20,000,000

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32 **SECTION 1.(c)** At the request of the Board of Governors of The University of North
33 Carolina and upon determining that it is in the best interest of the State to do so, the Director of
34 the Budget may authorize an increase or decrease in the cost of, or a change in the method of,
35 funding the projects authorized by this section. In determining whether to authorize a change in



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1 cost or funding, the Director of the Budget may consult with the Joint Legislative Commission
2 on Governmental Operations.

3 **SECTION 1.(d)** Pursuant to G.S. 116D-26, the Board of Governors may issue,
4 subject to the approval of the Director of the Budget, at one time or from time to time, special
5 obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost
6 of acquiring, constructing, or providing for the projects authorized by subsection (b) of this
7 section. The maximum principal amount of bonds to be issued shall not exceed the specified
8 project costs in subsection (b) of this section plus five percent (5%) of such amount to pay
9 issuance expenses, fund reserve funds, pay capitalized interest, and pay other related additional
10 costs plus any increase in the specific project costs authorized by the Director of the Budget
11 pursuant to subsection (c) of this section.

12 **PART II. FORGIVENESS OF CERTAIN SALES TAX ASSESSMENTS AGAINST** 13 **CONTINUING CARE RETIREMENT COMMUNITIES**

14 **SECTION 2.** Article 9 of Subchapter I of Chapter 105 of the General Statutes is
15 amended by adding a new section to read:

16 **"§ 105-244.4B. Forgiveness of certain sales tax assessments of CCRCs.**

17 (a) Forgiveness. – The Secretary may forgive one hundred percent (100%) of a sales and
18 use tax assessment against a taxpayer who requests relief for State and local sales and use taxes
19 and waive any penalties imposed as part of the assessment when the assessment is the result of
20 an audit of the taxpayer by the Department, and all of the following apply:

- 21 (1) The taxpayer is a provider of continuing care. The terms "provider" and
22 "continuing care" have the same meanings as defined in G.S. 58-64-1.
- 23 (2) The taxpayer has a certificate of registration from the Department as required
24 under G.S. 105-164.4.
- 25 (3) The taxpayer remitted to the Department during the period under audit all the
26 sales and use taxes it collected during that period.
- 27 (4) The taxpayer had not been informed by the Department in a prior audit to
28 collect sales and use taxes in the circumstance that is the basis of the
29 assessment, as reflected in the written audit comments of the prior audit.
- 30 (5) The taxpayer had not requested and received from the Department a private
31 letter ruling advising to collect sales and use taxes in the circumstance that is
32 the basis of the assessment.
- 33 (6) The taxpayer had not received other specific written guidance from the
34 Department advising it to collect sales and use tax in the circumstance that is
35 the basis of the assessment for which it seeks reduction.
- 36 (7) The assessment is based on the failure to collect sales tax on items subject to
37 State and local sales and use tax sold to guests or residents of a continuing
38 care facility owned or operated by the taxpayer who do not reside in a nursing
39 home or assisted living unit authorized by the North Carolina Department of
40 Insurance.
- 41 (8) The taxpayer meets one of the following:
 - 42 a. The taxpayer received a proposed assessment dated on or before June
43 1, 2020, timely filed a request for review, and files a written request
44 with the Secretary on or before August 1, 2020, to request the amount
45 of sales or use taxes be reduced as provided in this section citing the
46 specific reasons therefor. The Department does not need to take further
47 action on the taxpayer's request for review unless the taxpayer states
48 in writing, when filing a request for reduction under this section, that
49 the reduction does not resolve the taxpayer's objection to the proposed
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- 1 assessment and that the taxpayer wishes to continue the Departmental
- 2 review.
- 3 b. The taxpayer received a proposed assessment dated on or before June
- 4 1, 2020, did not file a request for review, paid the tax due, and files a
- 5 written request with the Secretary on or before August 1, 2020, to
- 6 request the amount of sales or use taxes be reduced as provided in this
- 7 section citing the specific reasons.
- 8 c. The taxpayer receives a proposed assessment after June 1, 2020, and
- 9 timely files a request for review as provided in G.S. 105-241.11 and
- 10 files a written request with the Secretary no later than 45 days from the
- 11 date of the notice of the proposed assessment to request the amount of
- 12 sales or use taxes be reduced as provided in this section citing the
- 13 specific reasons therefor.
- 14 (b) Application. – This section applies to the following for a tax period ending prior to
- 15 January 1, 2021:
- 16 (1) A proposed assessment or portion of a proposed assessment.
- 17 (2) An assessment that becomes collectible under G.S. 105-241.22.
- 18 (3) A pending request for review case.
- 19 (4) A pending contested case hearing at the Office of Administrative Hearings.
- 20 (5) This section does not authorize a refund for sales or use taxes that were
- 21 originally collected and remitted to the Department."

PART III. EFFECTIVE DATE

SECTION 3. This act is effective when it becomes law.