

**REVENUE LAWS STUDY COMMITTEE**  
**Wednesday, November 19, 2008**  
**Room 544, Legislative Office Building**  
**9:30 a.m.**

**MINUTES**

The Revenue Laws Study Committee met at 9:30 a.m. on Wednesday, November 19, 2008, in room 544 of the Legislative Office Building. Eleven members of the committee were present. Representative Luebke presided as chair.

**Approval of Minutes from October 22 Meeting**

Representative Brubaker motioned for the approval of the October 22, 2008 minutes and the motion carried. A copy of the minutes is attached.

**Update on Combined Reporting**

Cindy Avrette, a staff attorney with the Research Division, was recognized to explain combined reporting: what it is, how it works and why states use it as a source of revenue. Greg Radford, NC Department of Revenue, and Canaan Huie, House Tax Counsel, were recognized to answer questions. A copy of Ms. Avrette's presentation is attached.

Mark Morton, General Counsel for Revenue Operations, West Virginia Tax Department, was recognized to further explain combined reporting and how states with combined reporting differ from states without combined reporting. A copy of his handouts is attached.

John McAlister, NC Chamber's Vice President of Governmental Affairs, was recognized to speak in opposition of combined reporting requirements. Copies of his handouts are attached.

**Privilege License Taxes in North Carolina**

Trina Griffin, a staff attorney with the Research Division, was recognized for a brief overview of NC privilege license taxes. Then she introduced Christopher McLaughlin, Assistant Professor of Public Law and Government, UNC School of Government. He explained the levels of the tax (municipalities, State and counties), current State taxes, and collections. He explained some disparities in the law, some concerns and some solutions. A copy of his presentation is attached.

Karl Knapp, NC League of Municipalities Director of Research and Policy Analysis, was recognized to express his concerns about any repeals to the law, but was amicable to clarifications to the law. Jim Blackburn, NC County Commissioners Association General Counsel, briefly stated his concerns about "fading" revenue distribution, but said that there is an equitable solution.

### **Sales Tax Treatment of Food vs. Prepared Food**

Sandra Johnson, a fiscal analyst in the Fiscal Research Division, was recognized to explain the history of the Sales and Use Tax and Food, recent changes to the law, and possible, future considerations to the law. A copy of her presentation is attached.

Karen Dalenko was recognized to express her concerns on the equity of the Sales and Use Tax. A copy of her handout is attached.

The meeting adjourned at 12:02 p.m.

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Representative Paul Luebke, Presiding Chair  
Revenue Laws Study Committee

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DeAnne Mangum, Committee Clerk