

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1022

Short Title: Study Sales Tax.

(Public)

Sponsors: Senator Clodfelter.

Referred to: Rules and Operations of the Senate.

April 15, 1999

A BILL TO BE ENTITLED

**AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO
CREATE A STUDY COMMITTEE TO STUDY STATE AND LOCAL SALES
AND USE TAXES.**

The General Assembly of North Carolina enacts:

Section 1. The Legislative Research Commission shall create a Sales Tax Study Committee to study the State and local sales and use taxes. The Committee shall be composed of 16 members, as follows. The President Pro Tempore of the Senate shall appoint eight members, at least one of whom must have local government experience and at least one of whom must have academic expertise in the area of sales and use tax law. The Speaker of the House of Representatives shall appoint eight members, at least one of whom must have local government experience and at least one of whom must have academic expertise in the area of sales and use tax law.

Section 2. This study shall include:

- (1) Examination of the scope and rationale for all existing sales tax exemptions and recommendations to eliminate all unjustified, obsolete, and conflicting exemptions.
- (2) Consideration of whether some or all existing services that are not subject to tax should become part of the tax base.

- 1 (3) Evaluation of the methods by which sales tax proceeds are distributed to
2 State and local governments and comparison of other options for
3 distribution.
- 4 (4) Recommendations as to whether the sales and use taxes should be
5 replaced with other transaction-based or value-added taxes.
- 6 (5) Consideration of any other issues and proposals for improving the sales
7 and use tax structure.
- 8 Section 3. With the permission of the Legislative Research Commission, the
9 Committee may contract for research to be conducted by independent contractors. The
10 Committee may call upon the Department of Revenue to cooperate with it in its study.
- 11 Section 4. The Committee shall make a final report of its findings and
12 recommendations to the 2000 Regular Session of the 1999 General Assembly.
- 13 Section 5. There is appropriated from the General Fund to the General
14 Assembly the sum of one hundred twenty-five thousand dollars (\$125,000) for the 1999-
15 2000 fiscal year for the expenses of the Study Committee authorized by this act.
- 16 Section 6. This act becomes effective July 1, 1999.