

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE BILL 1295

Short Title: Modify Auto Repair Sales Tax.

(Public)

Sponsors: Representative Nesbitt.

Referred to: Finance.

May 15, 2003

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT PAINT AND PRIMER APPLIED BY BODY SHOPS
3 ARE SUBJECT TO THE SAME SALES TAX TREATMENT AS REPAIR PARTS
4 INSTALLED BY REPAIR SHOPS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-164.3(36) reads as rewritten:

7 "(36) Sale or selling. – The transfer of title or possession of tangible personal
8 property, conditional or otherwise, in any manner or by any means
9 whatsoever, for a consideration paid or to be paid.

10 The term includes the fabrication of tangible personal property for
11 consumers by persons engaged in business who furnish either directly
12 or indirectly the materials used in the fabrication work. The term also
13 includes the furnishing or preparing for a consideration of any tangible
14 personal property consumed on the premises of the person furnishing
15 or preparing the property or consumed at the place at which the
16 property is furnished or prepared. The term also includes a transaction
17 in which the possession of the property is transferred but the seller
18 retains title or security for the payment of the consideration.

19 If a retailer engaged in the business of selling prepared food and
20 drink for immediate or on-premises consumption also gives prepared
21 food or drink to its patrons or employees free of charge, for the
22 purposes of this Article the property given away is considered sold
23 along with the property sold. If a retailer gives an item of inventory to
24 a customer free of charge on the condition that the customer purchase
25 similar or related property, the item given away is considered sold
26 along with the item sold. In all other cases, property given away or
27 used by any retailer or wholesale merchant is not considered sold,
28 whether or not the retailer or wholesale merchant recovers its cost of
29 the property from sales of other property.

1 Paint and primer applied to a vehicle as part of body work are
2 considered tangible personal property sold to the customer. Charges
3 for labor to apply the paint and primer are also subject to tax unless
4 separately stated on the customer's invoices and in the retailer's
5 records."

6 **SECTION 2.** This act becomes effective October 1, 2003, and applies to
7 sales made on or after that date.