

1 **SECTION 2.** Part 5 of Article 5 of Chapter 105 of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 105-164.29B. Local school administrative unit exemption process.**

4 (a) Application. – To be eligible for the exemption provided in
5 G.S. 105-164.13(54), a local school administrative unit must obtain from the
6 Department a sales tax exemption number. The application for exemption must be in the
7 form required by the Secretary, be signed by the unit's finance officer, and contain any
8 information required by the Secretary. The Secretary must assign a sales tax exemption
9 number to a local school administrative unit that submits a proper application.

10 (b) Liability. – A local school administrative unit that does not use the items
11 purchased with its exemption number must pay the tax that should have been paid on
12 the items purchased, plus interest calculated from the date the tax would otherwise have
13 been paid."

14 **SECTION 3.** G.S. 105-164.14(c)(2b) and (2c) are reenacted.

15 **SECTION 4.** G.S. 105-164.44H is repealed.

16 **SECTION 5.** Section 7.51(c) of S.L. 2005-276 reads as rewritten:

17 ~~"SECTION 7.51.(c) Subsection (b) of this section becomes effective July 1, 2006.~~
18 ~~Notwithstanding the provisions of G.S. 105-164.44H, for the 2006-2007 fiscal year, the~~
19 ~~amount transferred to the State Public School Fund each quarter shall equal one fourth~~
20 ~~of the amount refunded under G.S. 105-164.4(c)(2b) and (2c) during the 2005-2006~~
21 ~~fiscal year plus or minus the percentage of that amount by which the total collection of~~
22 ~~State sales and use tax increased or decreased during the preceding fiscal year. The~~
23 ~~remainder of this~~ This section becomes effective July 1, 2005, and applies to sales made
24 on or after that date."

25 **SECTION 6.** Sections 1, 3, and 4 of this act become effective July 1, 2007,
26 and apply to purchases made on or after that date. The remainder of this act is effective
27 when it becomes law.