



SENATE BILL 399: Joint Agency Tax Refund.

**This Bill Analysis
reflects the contents
of the bill as it was
presented in
committee.**

2015-2016 General Assembly

Committee:	Senate Finance	Date:	July 21, 2015
Introduced by:	Sen. Sanderson	Prepared by:	Heather Fennell Committee Counsel
Analysis of:	PCS to Second Edition S399-CSTD		

SUMMARY: *Senate Bill 399 would allow a joint agency created by interlocal agreement for the purposes of fire protection, police protection, and emergency services to receive a refund of sales and use taxes paid by it.*

The Senate Finance PCS removes from the bill a provision authorizing a joint agency created by interlocal agreement for the purposes of fire protection, police protection, and emergency services an exemption from the motor fuel excise taxes, and removes provisions pertaining to regional solid waste management authorities¹.

CURRENT LAW: G.S. 105-164.14 authorizes annual refunds of the State sales and use tax to more than 25 listed government entities, including cities and counties. G.S. 105-467 allows a refund of local sales and use tax to the same entities.

BILL ANALYSIS: Section 1 of Senate Bill 399 will afford the same tax preference for sales and use taxes paid by a joint agency created by an interlocal agreement between two or more governmental units that would be allowed for the individual units.

Section 2 directs the Revenue Laws Study Committee to study how the exemption from the motor fuels tax is applied to entities that are comprised of multiple local government units. The study may include an examination of how the exemption applies to joint agencies that are created by interlocal agreements, and regional authorities that created by agreement by multiple counties.

EFFECTIVE DATE: The bill becomes effective July 1, 2015, and applies to purchases made on or after that date.

¹ The 2nd edition of the bill would have allowed a motor fuel tax exemption and a permanent license plate for vehicles owned by regional solid waste management authorities. Similar entities do not currently receive a refund of motor fuel taxes. S.L. 2012-159 limited the eligibility for permanent registration plates after an extensive study of the system by the Program Evaluation Division of the General Assembly. The fee for a permanent State license plate is \$6; the annual registration fee for a motor vehicle is \$28.

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