



2023-2024 General Assembly

# HOUSE BILL 259: 2023 Appropriations Act, Sec. 42.11: Extend Sunset on Exemptions and Refunds for Professional Motorsports

**Committee:**  
**Introduced by:**  
**Analysis of:** Sec. 42.11 of S.L. 2023-134

**Date:** November 29, 2023  
**Prepared by:** Trina Griffin  
Staff Attorney

**OVERVIEW:** Section 42.11 of S.L. 2023-134 extends the sunsets on exemptions and refunds for professional motorsports teams.

*This section became effective October 3, 2023.*

**CURRENT LAW:** The General Assembly first enacted sales tax preferences in this area in 2005; they have been extended many times. The sales tax preferences extended by this section are as follows:

**Sales Tax Exemptions** – The following exemptions were set to expire January 1, 2024, but this sunset was extended by four years under this section:

- A sales tax exemption for the sale, lease, or rental of an engine.
- A sales tax exemption for the gross receipts derived from a service contract on or repair, maintenance, and installation services for a transmission, engine, rear-end gears, and any other item that is purchased, leased, or rented and that is exempt from sales tax.
- A sales tax exemption for the gross receipts derived from an agreement to provide an engine, where the agreement does not meet the definition of a "service contract."
- A sales tax exemption for an engine or a part to build or rebuild an engine for the purpose of providing an engine under an agreement to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series.

**Sales Tax Refunds**

- A sales tax refund for sales taxes paid on aviation gasoline or jet fuel used to travel to or from a motorsports event in North Carolina, to a motorsports event in another state from North Carolina, or to North Carolina from a motorsports event in another state. *The sunset was extended from 2024 to 2029.*
- A sales tax refund equal to 50% of the sales taxes paid on tangible personal property, other than tires and accessories, which comprises any part of the motorsports vehicle. *The sunset was extended from 2024 to 2028.*

**BILL ANALYSIS:** This section extends from January 1, 2024, to January 1, 2028, the sunset of the sales and use tax preferences for certain sales to professional motorsports racing teams or a related member of the team for use in competition in a sanctioned race series, except for the sales tax refund for aviation gasoline and jet fuel used to travel to motorsports events, which is extended by five years.

**EFFECTIVE DATE:** This section became effective October 3, 2023.

Jeffrey Hudson  
Director



Legislative Analysis  
Division  
919-733-2578