

SALES TAX REVENUE PAYERS BY BUSINESS GROUP

For the Fiscal Years 1998 & 2008

Table 9

	2008		1998	
	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total
General merchandise.....	\$ 1,175,496,988	21.30%	\$ 625,352,352	19.33%
Food.....	876,098,237	15.87%	740,721,893	22.90%
Utilities.....	916,293,711	16.60%	351,593,637	10.87%
Lumber & building material.....	644,616,863	11.68%	342,385,447	10.59%
Automotive.....	268,653,868	4.87%	182,729,329	5.65%
Furniture.....	203,240,968	3.68%	142,354,550	4.40%
Apparel.....	166,503,664	3.02%	100,886,318	3.12%
Farming.....	755,963	0.01%	54,697,552	1.69%
Unclassified.....	1,267,588,011	22.97%	693,807,982	21.45%
Total.....	<u>\$ 5,519,248,273</u>	100.00%	<u>\$ 3,234,529,060</u>	100.00%
General state sales tax rate.....	4.25%		4.00%	

Information prior to 1998 is not available.

Recent Significant Sales Tax Rate and Base Changes

1998-99	Effective July 1, 1998, the State rate application to food purchased for home consumption was reduced from 3% to 2%. Effective May 1, 1999, food purchased for home consumption was exempted from the State sales tax.
1999-00	Effective July 1, 1999, sales of piped natural gas became exempt from sales tax and, instead, became subject to the piped natural gas excise tax.
2001-02	Effective October 1, 2001, the \$1,500 tax limit applicable to short-term leases of noncommercial vehicles was repealed. Effective October 16, 2001, the general sales rate increased from 4% to 4.5%. Effective December 1, 2001, sales of spirituous liquor, other than mixed beverages, became subject to a 6% State sales and use tax. Effective January 1, 2002, gross receipts of direct-to-home satellite service to subscribers in this State became subject to a 5% State sales tax. Effective January 1, 2002, gross receipts derived from providing telecommunications services became subject to a 6% State sales and use tax. [Prior to the law change, local telecommunications services were subject to a 3% State sales tax rate and a 3.22% utility franchise tax rate; interstate long distance calls were taxed at 6.5% and interstate long distance calls were exempt.]
2003-04	Effective July 1, 2003, all sales of soft drinks became subject to both the State and local rates. Effective January 1, 2004, sales of closed container soft drinks sold through vending machines were taxed on only 50% of the sale price. Effective January 1, 2004, candy was exempted from the State tax and subject to only the 2% local tax. Effective for sales made on or after January 1, 2004, modular homes became subject to a 2.5% State sales and use tax rate.
2005-06	Effective October 1, 2005, all sales of candy became subject to the combined general State and county tax rate. Effective October 1, 2005, the sales and use tax imposed on telecommunications, direct-to-home satellite services, and spirituous liquor increased to 7%. Effective January 1, 2006, a 7% State sales and use tax was imposed on cable services, and satellite digital audio radio became subject to both the State general rate of tax and local rates.
2006-07	Effective June 29, 2007, the combined general rate is the State's general rate (4.25%) plus the sum of the rates of local tax authorized for every county in the State (2.5%). Effective January 1, 2007, sales of intermodal cranes, intermodal hostler trucks and railroad locomotives to the owner or lessee of an eligible railroad intermodal facility was exempted. Sales to the owner or lessee of an eligible railroad intermodal facility of sales taxes on building supplies, fixtures, and equipment that become a part of the real property of the facility was exempted. Effective June 29, 2007, additional 0.25% Sales general and use tax rate, scheduled to be repealed for sales made on or after July 1, 2007, was extended for one month.
2007-08	Effective July 1, 2007, tax on electricity (2.83%) sold to manufacturers was repealed and the new rate is 2.6%. Effective July 1, 2007, manufacturers and assemblers of aircraft parts, professional motorsports racing teams of 50% of tax on property that comprises any part of a professional motor racing vehicle and taxpayers engaged in analytical services of 50% of tax paid on property consumed or transformed in analytical services would receive refunds. Effective July 31, 2007, additional 0.25% State general sales and use tax rate was made permanent. As a result the combined general rate remains at 6.75%. Effective October 1, 2007, Tax on electricity sold to farmers (2.83%) was repealed and the new rate is 1.8%. Effective October 1, 2007, Tax on electricity sold to manufacturers (2.6%) was repealed and the new rate is 1.8%. Effective October 1, 2007, baler twine sold to farmers and bread sold at a bakery thrift store was exempted.

Source: North Carolina Department of Revenue