

SALES TAX REVENUE PAYERS BY BUSINESS GROUP

For the Fiscal Years 2000 & 2009

Table 9

| | 2009 | | 2000 | |
|-----------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Tax Liability | Percentage of Total | Tax Liability | Percentage of Total |
| General merchandise..... | \$ 1,207,100,654 | 22.86% | \$ 715,701,673 | 21.24% |
| Food..... | 886,588,933 | 16.80% | 524,284,128 | 15.57% |
| Utilities..... | 961,872,971 | 18.22% | 375,669,973 | 11.15% |
| Lumber & building material..... | 516,895,325 | 9.79% | 402,377,626 | 11.95% |
| Automotive..... | 253,374,750 | 4.80% | 199,762,787 | 5.93% |
| Furniture..... | 170,867,003 | 3.24% | 154,258,498 | 4.58% |
| Apparel..... | 160,766,329 | 3.05% | 101,312,348 | 3.01% |
| Farming..... | 125,625 | 0.00% | 54,188,149 | 1.61% |
| Unclassified..... | 1,121,202,387 | 21.24% | 840,673,522 | 24.96% |
| Total..... | \$ 5,278,793,977 | 100.00% | \$ 3,368,228,704 | 100.00% |
| General state sales tax rate..... | 4.50% | | 4.00% | |

Recent Significant Sales Tax Rate and Base Changes

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|---------|--|
| 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| Effective October 1, 2001, the \$1,500 tax limit applicable to short-term leases of noncommercial vehicles was repealed.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. |
| 2008-09 | Effective July 1, 2008 tax on electricity sold to farmers and manufacturers (1.8%) repealed. New tax rate is 1.4%. Refund provision expanded to include certain industrial facilities-solar electricity generating materials manufacturing industry Effective July 16, 2008 - New sales and use tax holiday for Energy Star qualified products (1st Friday in November through following Sunday). Refund provision to interstate Passenger Air Carriers was extended to repeal for purchases made on or after January 1, 2011 (previously January 1, 2009) Effective August 1, 2008 - Exemption for tpp purchased with a client assistance debit card issued for disaster assistance relief by qualified entities. Exemption for interior design services provided in conjunction with the sale of tpp. Effective October 1, 2008 - State general tax raised from 4.25% to 4.5%. Local sales tax rate under Article 44 lowered from 0.5% to .25% Effective January 1, 2009 - Exemption for bakery items sold without eating utensils by an artisan bakery. |

Source: North Carolina Department of Revenue