

**TABLE 17B. STATE SALES AND USE TAX: ELECTRICITY, TELECOMMUNICATIONS, AND VIDEO PROGRAMMING SERVICES  
NET COLLECTIONS AND DISTRIBUTABLE PROCEEDS FOR 2007-2008  
[G.S. 105 ARTICLE 5]**

Collections source	Rate [%]	Base/ tax structure	Net collections and local shares [based on July-June collections]							
			Electricity		Telecommunications		Video Programming			
			G.S. 105-164.4(a) (1f), (1j), (4a)		G.S. 105-164.4(a)(4c)		G.S. 105-164.4(a)(6)			
			Net collections [\$]	Local share [\$]	Net collections [\$]	Local share [\$]	Cable		Direct-to-home satellite	
Net collections [\$]	Local share [\$]	Net collections [\$]					Local share [\$]			
Electric power	3	Gross receipts derived from sales of electricity to consumers other than to farmers, manufacturers, and commercial laundries and dry cleaners are subject to a 3% rate. [Special rates only apply to electricity sold for qualifying industrial or farming purposes.] Sales of electricity to manufacturers and farmers will be exempt from tax effective for transactions occurring on/after July 1, 2010. For 2007-08, the following preferential tax rates applied: Manufacturers: 7/1/07-9/30/07=2.6%; 10/1/07-6/30/08=1.8% Farmers: 7/1/07-9/30/07=2.83%; 10/1/07-6/30/08=1.8% Commercial laundries and dry cleaners=2.83%	288,509,692 [reflects 3%, 2.83%, 2.6%, 1.8% rates]	[State retains proceeds]	-----	-----	-----	-----	-----	-----
Telecommunications	6.75/7	Effective <u>April 1, 2008</u> , the tax rate applicable to gross receipts from providing telephone service increased from 6.75% to 7% (combined general rate). Services include local, interstate, intrastate, toll, private telecommunications, mobile telecommunications services, and ancillary services. An amount equal to 18.70% of net collections less a freeze deduction adjustment is allocated to eligible municipalities based on a formula. [See note on authorized county participation.]  In addition, effective for taxes collected on/after <u>January 1, 2007</u> , an amount equal to 7.7% of net collections (less supplemental PEG support) is allocated to counties and municipalities to partially replace repealed local cable television franchise taxes.	-----	-----	437,073,616	71,248,965	-----	-----	-----	-----
						32,749,263	905,405 [PEG channel support]			
Video Programming	6.75/7	Effective <u>April 1, 2008</u> , the tax rate applicable to gross receipts from providing video programming services (cable and direct-to-home satellite) increased from 6.75% to 7% (combined general rate). In addition, effective for taxes collected on/after <u>January 1, 2007</u> , amounts equal to 37.1% of satellite and 23.6% of cable net collections (less supplemental PEG support) are allocated to counties and municipalities to partially replace repealed local cable television franchise taxes.	-----	-----	-----	-----	85,320,769	19,593,574	55,971,641	20,206,877
							542,127 [PEG channel support]		558,602 [PEG channel support]	
Totals			288,509,692	-----	437,073,616	104,903,633	85,320,769	20,135,701	55,971,641	20,765,479

Note: Gross receipts of electric power companies derived from furnishing power, electricity, electric lights, or current are also subject to the franchise tax. (Refer to *Table 17A* .)

HB 787 (SL 2005-433, s.10(a)) authorized counties meeting certain requirements to receive a share of the distributable proceeds of utility franchise tax, piped natural gas excise tax, and telecommunications tax. Previously, only municipal governments participated in the distribution. An eligible county must contain either no incorporated areas or one incorporated municipality consisting of less than 100 acres within the county with land area primarily located in another county.