

TABLE 36A. - Continued

Data are by-product data compiled during the processing of reports and remittances filed by taxpayers required to register for, collect, and remit sales and use taxes, and are classified according to sales and use tax registration numbers.

Changes in general sales tax rate: Effective October 16, 2001, the rate increased from 4% to 4.5%; effective December 1, 2006, the rate decreased to 4.25%; effective October 1, 2008, the rate increased to 4.5%; effective September 1, 2009, the rate increased from 4.5% to 5.5%; effective October 1, 2009, the rate increased to 5.75%.

Other use tax category: Amounts shown for 1996-97 through 2000-01 reflect use taxes generated from sales of manufactured homes; effective for 2001-02, use taxes generated from manufactured home transactions are included within the attributable county of collection.

Changes in sales tax rate applicable to purchases of food for home consumption:

Effective January 1, 1997, the State rate applicable to food purchased for home consumption was reduced from 4% to 3%. Effective July 1, 1998, the State rate applicable to food purchased for home consumption was reduced from 3% to 2%. Effective May 1, 1999, the 2% State rate applicable to food purchased for home consumption was repealed. Effective July 1, 2003, all sales of soft drinks (fountain, those sold for home consumption, and vending) were made subject to both the State and local rates. [Prior to this date, soft drinks sold for home consumption were not taxable at the State level.] Effective January 1, 2004, sales of closed container soft drinks sold through vending machines were made subject to a partial exemption; only fifty percent (50%) of the sales price of closed container soft drinks sold through vending machines is taxable and subject to both the State and local rates under § 105-164.13(50). Effective January 1, 2004, candy was exempted from the State tax and subject to only the 2% local tax. [Candy sold through vending machines is taxed at fifty percent (50%) of the sales price and is subject to both the State and local rates under § 105-164.13(50).] Effective October 1, 2005, all sales of candy are subject to the combined State and local tax rate (taxation of candy sold through vending machines remains unchanged). Effective October 1, 2007, bakery thrift store sales of bread, rolls, and buns became exempt from the State sales tax. Effective January 1, 2009, bakery items sold without eating utensils by an artisan bakery were exempted from the State sales tax.

Utility services group:

Effective August 1, 1996, sales of electricity and piped natural gas to farmers, manufacturers, and commercial laundries and dry cleaners for prescribed purposes were made subject to a 2.83% rate rather than 3%. 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. Effective December 1, 2001, sales of spirituous liquor, other than mixed beverages, became subject to a 6% State sales and use tax. Mixed beverages were already subject to State and local sales and use taxes and were unaffected by the law change. 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; intrastate long distance calls were taxed at 6.5% and interstate long distance calls were exempt. Telecommunications services include local, interstate, intrastate, toll, private telecommunications, and mobile telecommunications services. Effective October 1, 2005, the sales and use tax imposed on the gross receipts of providing telecommunications and direct-to-home satellite services and spirituous liquor increased to the combined general rate of 7%; voice mail services became taxable as part of telecommunications services. Effective January 1, 2006, the combined general rate of 7% sales and use tax was imposed on the gross receipts of providing cable services; gross receipts derived from providing satellite digital audio radio service are taxable being subject to both the State general rate of tax and local rates; effective December 1, 2006, the combined general rate was reduced from 7% to 6.75% to coincide with the 0.25% State general rate reduction; effective April 1, 2008, the combined general rate increased from 6.75% to 7% to incorporate the additional 1/4% levy authorized for county governments; effective September 1, 2009, the combined general rate increased to 8%. The combined general rate is imposed on the gross receipts of telecommunications service and ancillary service, video programming services (direct-to-home satellite and cable), and to sales of spirituous liquor other than mixed beverages. Effective July 1, 2007, the tax rate applicable to sales of electricity sold to a manufacturing industry for qualifying purposes was reduced from 2.83% to 2.6%; effective October 1, 2007, the tax rate was further reduced to 1.8% for manufacturing qualifying purposes and applicability was expanded to include electricity sold to farmers for qualifying purposes; effective July 1, 2008, the tax rate decreased from 1.8% to 1.4%; effective July 1, 2009, the tax rate decreased from 1.4% to 0.8%; effective July 1, 2010, the 0.8% tax rate was repealed.

Changes in State 1% and 3% rates in 2005-06 and 2006-07:

Effective January 1, 2006, sales of railway cars, locomotives, and mobile classrooms and offices became taxable at the general State rate and applicable local rates (previously taxed at the State 3% rate with a \$1,500 maximum tax per article). Various farm items and fuel used for farming and commercial laundry operations were exempted from taxation (previously taxed at the 1% State sales tax rate). Additionally, various types of machinery (farm, telephone company property, laundry, freezer plant, and broadcasting) and various types of equipment (tobacco, air courier, and flight training) along with farm storage facilities and farm containers were exempted from the 1% State rate with an \$80 maximum tax per article. Concurrently, manufacturing machinery and fuel and qualifying recycling facility equipment were exempted from the State sales tax and made subject to the new privilege tax levied under Article 5F (refer to *Table 45*). Effective July 1, 2006, sales of certain commercial logging machinery and related attachments, repair parts, lubricants, and fuel used to operate logging machinery were exempted from taxation. (Items were previously subject to the 1% sales or use tax or 1% privilege tax as appropriate.)

Unallocated:

2001-02 The unallocated category includes \$74,989,019 in payments that were unassignable to specific counties due to legislative changes affecting payment and return due dates.

Figure 36A.1 State Sales and Use Tax Gross Collections: Five Highest Ranked Counties for 1996-97 and 2010-11

