### INTERPRETATION/DEFINITION REQUEST

Complete each section

1. **Name(s) of Requestor(s):** Eric K. Wayne, Director, Sales & Use Tax Division, North Carolina Department of Revenue

2. **Contact Person:**
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3. **Agreement Section(s) involved:** 322 and Appendix C, Part III Sales Tax Holiday Definitions

4. **Statement of Background Facts (be succinct):**

   Appendix C, Library of Definitions, Part III Sales Tax Holiday Definitions defines “school supply” as “an item commonly used by a student in a course of study.” Section B. Product Definitions provides an all-inclusive list of school supplies. Pencils and pens are on the list as school supplies but pencil leads and pen refills are not on the list. The Department was contacted before the recent August sales tax holiday and asked if pencil leads and pen refills were school supplies. Contact was made with Tennessee and Arkansas which also exempt school supplies during their sales tax holiday and representatives for Tennessee and Arkansas were in agreement that pencil leads and pen refills should be included as school supplies and exempt items for sales tax holiday purposes. Oklahoma does not exempt school supplies for sales tax holiday purposes.

5. **Issue:**

   Are pencil leads and/or pen refills considered “school supplies?”

6. **Proposed Interpretation:**

   Pencil leads and pen refills should be considered as pencil and pens and therefore qualifying school supplies for sales tax holiday purposes. However, such items should be separately listed in Appendix C, Part III as school supplies in order to avoid confusion as to whether such items are exempt during a sales tax holiday.

7. **Is expedited consideration requested?**

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   If yes, please explain why expedited review is requested:

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   A request for interpretation/definition normally requires a minimum 60-day comment period. The comment period may be shortened to 10 days if the Committee grants a request for expedited consideration. See Governing Board Rule 902(D) and (H).

8. **Date this Request is submitted:** August 29, 2011

   The Compliance Review and Interpretations Committee meets by teleconference at 10:00 am central every other Thursday. Their schedule can be found at: www.streamlinedsalestax.org under the meeting calendar.