

**STREAMLINED SALES AND USE TAX AGREEMENT  
COMPLIANCE REVIEW AND INTERPRETATIONS COMMITTEE**

Interpretative Opinion 2011-02

This Interpretative Opinion recommendation is made to the Governing Board by the Compliance Review and Interpretations Committee this day of December 1, 2011 in accordance with Article IX, Rule 902 of the Rules and Procedures adopted by the Streamlined Sales Tax Governing Board, Inc.

Mr. Eric Wayne of North Carolina requested the interpretation on August 29, 2011.

Issue:

Mr. Wayne asked whether pencil leads and pen refills qualify as school supplies for sales tax holiday purposes. Mr. Wayne states that pencils and pens are on the list in Appendix B 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 the 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. Mr. Wayne requests a ruling that pencil leads and/or pen refills be considered “school supplies” as that phrase is used in the Streamlined Sales and Use Tax Agreement (“SSUTA”), Appendix C.

Public Comment:

Comments were received from one state recommending that the interpretation requested be accepted.

Recommendation:

By a vote of three to one of the members present, the Compliance Review and Interpretations Committee submits to the Governing Board a recommendation that the interpretation proposed by the requester be accepted.

Rationale:

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 Agreement does not define pens and pencils. However, pens and pencils cannot perform in their intended purpose without pen refills and pencil leads. Pen refills and pencil leads are components of pens and pencils and fall within the meaning of pens and pencils.

Participating Committee Members:

IO11002  
12/1/11

Tom Atchley, Craig Johnson, Richard Cram, and Tim Jennrich