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their children. It is held from 12:01 a.m. on Friday until 11:59 p.m. on Sunday on the first weekend of August.

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This could be the last year North Carolina residents can take advantage of the state's back-to-school and energy efficiency sales tax holidays.

A provision in the latest version of the Senate's tax proposal eliminates the tax holiday and the state's Energy Star tax holiday — effective next year. The Senate is expected to give the tax bill its final approval on Tuesday. The back-to-school tax holiday has been popular with consumers and retailers since it was introduced more than a decade ago. Some retailers consider it one of their most profitable weekends of the year, with foot traffic and gross sales in some cases rising to the levels usually only reached during the winter holiday season.

But the holiday costs the state millions. Last year, an estimated \$13.6 million in tax revenue was lost during the sales tax holiday, according to the N.C. Department of Revenue.

But Tuesday's vote won't be the death knell. The Senate added the provision to its rewrite of the House tax bill. Once the Senate passes it; the bill goes back to the House for negotiations. . The Energy Star holiday elimination, however, was included in the tax bill passed by the House.

Rep. David Lewis, a Harnett County Republican, said although the intent behind the Energy Star holiday was good, it ultimately doesn't encourage people to buy more energy efficient appliances.

"The idea was to promote and inspire consumers to buy Energy Star rated appliances, but the fact is it didn't work," he said. "People buy appliances when they

have a need for them. They don't wait for a certain day in October or November to do

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Senate President Pro Tempore Berger's office said in a statement that the Senate tax plan is more focused on long-term tax relief, so the cost of eliminating a sales tax holiday will be offset.

Touting 'significant ? relief'

"We are providing significant tax relief to North Carolinians of all incomes by removing special exemptions and deductions from the tax code. Our plan reduces the state income tax by nearly a third and eliminates the (local) sales tax on food, which means everyone will have more money in their pockets day-to-day," Amy Auth, Berger's deputy chief of staff for communications and operations, wrote in an email. "This more than offsets one-time savings from things like weekend sales tax holidays."

Introduced in 2002, the back-to-school tax holiday was promoted as an opportunity for lower income families affected by tax hikes to buy school supplies and clothing for their children. It is held from 12:01 a.m. on Friday until 11:59 p.m. on Sunday on the first weekend of August. Shoppers can enjoy a break from the state's 4.75 percent sales tax on clothing that costs \$100 or less per item, computers that cost \$3,500 or less and school supplies valued at \$300 or less per item, among other things, according to the N.C. Department of Revenue.

'Back to school' challenged

However, today's summer sales tax holiday has almost no correlation with back-to-school at all, said Rep. Paul Luebke, a Durham Democrat who was chairman of the House's finance committee when the holiday was originally approved. The nature of the items that make the tax-exempt list, he said, has also changed.

"It was set up in the first week of August because school started in the second week. Now, because of state law, school can't start till Aug. 25," Luebke said. "Now, there's

no link to the start of school and helping children and the sales tax holiday. ? The

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“From our office’s discussion with those retailers, they were very, very supportive of these holidays,” Effron said. “Getting more people to use energy-efficient products, obviously, is a help as well.”

The North Carolina Retail Merchants Association said it would not comment on specifics of the proposal.

At Triangle Town Center in Raleigh, the tax free weekend is the only thing that comes close to the holiday season in terms of activity, said Jennifer Jones, the mall’s marketing director. “In the month of August, as far as gross sales, if you take Christmas out, it’s our top performer,” Jones said. “And it’s all due to tax free weekend.”

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