

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1989**

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**HOUSE BILL 55**

Short Title: Use Tax Credit/Equipment.

(Public)

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Sponsors: Representative Lilley.

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Referred to: Finance.

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January 23, 1989

**A BILL TO BE ENTITLED**

**AN ACT TO ALLOW A USE TAX CREDIT FOR SALES TAX PAID TO ANOTHER  
STATE ON CONSTRUCTION EQUIPMENT BROUGHT INTO NORTH  
CAROLINA.**

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.6(8) reads as rewritten:

"(8) Notwithstanding any other provisions of this Article, a use tax, at the applicable use tax rate, as hereinbefore provided, is hereby levied upon the storage or use in this State of any motor vehicles, machines, machinery, tools or other equipment brought, imported or caused to be brought into this State for use in constructing, building or repairing any building, highway, street, sidewalk, bridge, culvert, sewer or water system, drainage or dredging system, railway system, reservoir or dam, hydraulic or power plant, transmission line, tower, dock, wharf, excavation, grading or other improvement or structure, or any part thereof. The owner or, if the property is leased the lessee of any such motor vehicle, machine, machinery, tools or other equipment shall be liable for the tax provided for in this paragraph, to be computed as set out below. The useful life of such motor vehicles, machines, tools or other equipment shall be determined by the Secretary in accordance with the experience and practices of the building and construction trades. Said use tax shall be computed on the basis of such proportion of the original purchase price of such property as the duration of time of use in this State bears to the total useful life thereof. Such tax shall become due immediately upon such property being brought into this State, and in the absence of satisfactory evidence as to the period of use intended in this State, it shall be presumed that such property will remain in this State for the remainder of its useful life. All

1 provisions of this Article not directly in conflict with the provisions of this paragraph  
2 shall be applicable with respect to the matters herein set forth. The provisions of this  
3 paragraph shall not be applicable with respect to sales of such property within this State  
4 or to the use, storage or consumption of such property when purchased for use in this  
5 State, and in such cases the full sales or use tax shall be paid as in all other cases,  
6 irrespective of the period of intended use in this State.

7 Where a state retail sales and use tax is due and has been paid with respect to such  
8 property in another state by the purchaser of the property, there shall be allowed as a  
9 credit against the tax imposed by this subdivision an amount equal to such proportion of  
10 the state sales or use tax paid to the other state as the duration of time of use in this State  
11 bears to the total useful life of the property. Where a local retail sales and use tax is due  
12 and has been paid with respect to such property in another state by the purchaser of the  
13 property, there shall be allowed as a credit against the local use tax imposed in this State  
14 concurrently with the tax imposed by this subdivision an amount equal to such  
15 proportion of the local sales or use tax paid to the other state as the duration of time of  
16 use in this State bears to the total useful life of the property. Provided, however, that no  
17 credit shall be allowed if the state to which the sales or use tax was paid does not allow  
18 a similar tax credit or exemption with respect to such property brought into that state  
19 from this State."

20 Sec. 2. This act shall become effective July 1, 1989, and applies to  
21 equipment brought into this State on or after that date.