

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 55
Second Edition Engrossed 2/16/89

Short Title: Use Tax Credit/Equipment.

(Public)

Sponsors: Representative Lilley.

Referred to: Finance.

January 23, 1989

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW A USE TAX CREDIT FOR SALES TAX PAID TO ANOTHER
2 STATE ON CONSTRUCTION EQUIPMENT BROUGHT INTO NORTH
3 CAROLINA.
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5 The General Assembly of North Carolina enacts:

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

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

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

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

21 Sec. 2. This act shall become effective January 1, 1990, and applies to
22 equipment brought into this State on or after that date.