

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 1146  
House Committee Substitute Favorable 7/6/89

Short Title: Industrial Metals Taxation.

(Public)

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Sponsors:

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Referred to:

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May 3, 1989

1 A BILL TO BE ENTITLED  
2 AN ACT TO CLASSIFY FOR PROPERTY TAXATION PRECIOUS METALS USED  
3 BY MANUFACTURERS AS MACHINERY.

4 The General Assembly of North Carolina enacts:

5 Section 1. Article 12 of Chapter 105 of the General Statutes is amended by  
6 adding a new section to read:

7 "**§ 105-277.10. Taxation of precious metals used or held for use directly in**  
8 **manufacturing or processing by a manufacturer.**

9 Precious metals, including rhodium and platinum, used or held for use directly in  
10 manufacturing or processing by a manufacturer as part of industrial machinery is  
11 designated a special class of property under Article V, Sec. 2(2) of the North  
12 Carolina Constitution and shall be assessed for taxation in accordance with this section.  
13 The classified property shall be assessed at the lower of its true value or the  
14 manufacturer's original cost less depreciation. The original cost of the classified  
15 property shall be adjusted by the index factor, if any, that applies in assessing the  
16 industrial machinery with which the property is used, and the depreciable life of the  
17 classified property shall be the life assigned to the industrial machinery with which the  
18 property is used. The residual value of the classified property may not exceed twenty-  
19 five percent (25%) of the manufacturer's original cost."

20 Sec. 2. G.S. 105-282.1(a) reads as rewritten:

21 "(a) Every owner of property claiming exemption or exclusion from property  
22 taxes under the provisions of this Subchapter has the burden of establishing that the  
23 property is entitled thereto. Except as provided below, an owner claiming exemption or

1 exclusion shall annually file an application for exemption or exclusion during the listing  
2 period. If the property for which the exemption or exclusion is claimed is appraised by  
3 the Department of Revenue, the application shall be filed with the Department.  
4 Otherwise, the application shall be filed with the assessor of the county in which the  
5 property is situated. If the property covered by the application is located within a  
6 municipality, that fact shall be shown on the application. Each application filed with the  
7 Department of Revenue or an assessor shall be submitted on a form approved by the  
8 Department. Application forms shall be made available by the assessor and the  
9 Department, as appropriate.

10 (1) The United States government, the State of North Carolina and the  
11 counties and municipalities of the State are exempted from the  
12 requirement that owners file applications for exemption.

13 (2) Owners of the special classes of property excluded from taxation under  
14 G.S. 105-275(5), (15), (16), (26), (31), (33), or (34), or exempted  
15 under G.S. 105-278.2 are not required to file applications for the  
16 exclusion of that property.

17 (3) After an owner of property entitled to exemption under G.S. 105-  
18 277.1, 105-278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or  
19 105-278.8 or exclusion under G.S. 105-275(3), (7) or (12) or G.S. 105-  
20 278 has applied for exemption and the exemption has been approved,  
21 such owner shall not be required to file applications in subsequent  
22 years except in the following circumstances:

23 a. New or additional property is acquired or improvements are added  
24 or removed, necessitating a change in the valuation of the property, or

25 b. There is a change in the use of the property or the qualifications  
26 or eligibility of the taxpayer necessitating a review of the  
27 exemption.

28 (4) After an owner of property entitled to exclusion under G.S. 105-277.10  
29 has applied for the exclusion and the exclusion has been approved, the  
30 owner is not required to apply for the exclusion in subsequent years so  
31 long as the classified property, including classified property acquired  
32 after the application is approved, is used or held for use directly in  
33 manufacturing or processing as part of industrial machinery.

34 (5) Upon a showing of good cause by the applicant for failure to make a  
35 timely application, an application for exemption or exclusion filed  
36 after the close of the listing period may be approved by the  
37 Department of Revenue, the board of equalization and review, the  
38 board of county commissioners, or the governing body of a  
39 municipality, as appropriate. An untimely application for exemption  
40 or exclusion approved under this subdivision applies only to property  
41 taxes levied by the county or municipality in the calendar year in  
42 which the untimely application is filed."

43 Sec. 3. This act is effective for taxable years beginning on or after January 1,  
44 1989. Notwithstanding the provisions of G.S. 105-282.1, an application for the benefit

- 1 provided in this act for the 1989 taxable year shall be considered timely if it is filed on
- 2 or before September 1, 1989.