

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 623*

Short Title: Amend Taxation of Construction Machinery. (Public)

Sponsors: Representatives Goforth and Saunders (Primary Sponsors).

Referred to: Finance.

March 14, 2005

1 A BILL TO BE ENTITLED
2 AN ACT TO REPLACE THE SALES TAXES ON LIGHT CONSTRUCTION
3 EQUIPMENT WITH AN EXCISE TAX.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 105-164.3 reads as rewritten:

6 "§ 105-164.3. Definitions.

7 The following definitions apply in this Article:

8 ...

9 (17b) Light construction equipment. – Equipment that is self-propelled, has
10 an engine of no more than 160 net horsepower, and is not designed
11 primarily for transportation.

12 ~~(17a)~~(17d) Load and leave. – Delivery to the purchaser by use of a
13 tangible storage media where the tangible storage media is not
14 physically transferred to the purchaser."

15 SECTION 2. G.S. 105-164.13(5a) reads as rewritten:

16 "§ 105-164.13. Retail sales and use tax.

17 The sale at retail and the use, storage, or consumption in this State of the following
18 tangible personal property and services are specifically exempted from the tax imposed
19 by this Article:

20 ...

21 (5a) ~~Mill machinery and machinery, mill machinery parts and accessories~~
22 accessories, and light construction equipment that are subject to tax
23 under Article 5F of this Chapter."

24 SECTION 3. Article 5F of Chapter 105 of the General Statutes reads as
25 rewritten:

26 "Article 5F.

27 "~~Mill Machinery.~~Industrial Equipment.

28 "§ 105-187.50. Definitions.~~Administration.~~

29 (a) Definitions. – The definitions in G.S 105-164.3 apply in this Article.

1 (b) Administration. – The privilege tax this Article imposes on a person listed in
2 G.S 105-187.51 is an additional State use tax. Except as otherwise provided in this
3 Article, the collection and administration of this tax is the same as the State use tax
4 imposed by Article 5 of this Chapter.

5 **"§ 105-187.51. Tax imposed on mill machinery.**

6 (a) Scope. – A privilege tax is imposed on the following persons:

- 7 (1) A manufacturing industry or plant that purchases mill machinery or
8 mill machinery parts or accessories for storage, use, or consumption in
9 this State. A manufacturing industry or plant does not include a
10 delicatessen, cafe, cafeteria, restaurant, or another similar retailer that
11 is principally engaged in the retail sale of foods prepared by it for
12 consumption on or off its premises.
- 13 (2) A contractor or subcontractor that purchases mill machinery or mill
14 machinery parts or accessories for use in the performance of a contract
15 with a manufacturing industry or plant.
- 16 (3) A subcontractor that purchases mill machinery or mill machinery parts
17 or accessories for use in the performance of a contract with a general
18 contractor that has a contract with a manufacturing industry or plant.

19 (b) Rate. – The tax is one percent (1%) of the sales price of the machinery, part,
20 or accessory purchased. The maximum tax is eighty dollars (\$80.00) per article.

21 **"§ 105-187.52. ~~Administration.~~ Tax imposed on light construction equipment.**

22 ~~The privilege tax this Article imposes on a person listed in G.S 105-187.51 is an~~
23 ~~additional State use tax. Except as otherwise provided in this Article, the collection and~~
24 ~~administration of this tax is the same as the State use tax imposed by Article 5 of this~~
25 ~~Chapter.~~ (a) Scope. – A privilege tax is imposed on any person who purchases light
26 construction equipment.

27 (b) The tax is equal to the general rate of tax under G.S. 105-164.4 of the sales
28 price of the light construction equipment purchased. The maximum tax is three hundred
29 dollars (\$300.00) per article."

30 **SECTION 4.** This act becomes effective January 1, 2006, and applies to
31 sales made on or after that date.