

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 990
Committee Substitute Favorable 8/23/05
Third Edition Engrossed 8/23/05

Short Title: Definition of Farmer for Sales and Use Tax.

(Public)

Sponsors:

Referred to:

March 30, 2005

A BILL TO BE ENTITLED

1
2 AN ACT TO CLARIFY THE DEFINITION OF FARMER FOR PURPOSES OF
3 APPLYING THE SALES AND USE TAX EXEMPTION TO ITEMS SOLD TO
4 FARMERS AND TO EXPAND THE EXEMPTION TO INCLUDE ITEMS SOLD
5 TO LESSORS OF FARMLAND.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-164.3 is amended by adding a new subdivision to
8 read:

9 "(9a) Farmer. – A dairy operator, poultry farmer, egg producer, Christmas
10 tree farmer, livestock farmer, crop farmer, tree farmer, nursery
11 operator, greenhouse operator, orchardist, a farmer of an aquatic
12 species as defined in G.S. 106-758, and any other person coming
13 within the generally accepted definition of the word. Farmer does not
14 include a person who merely cultivates a garden for personal use."

15 **SECTION 2.** G.S. 105-164.13(1) and (1a), as amended by Section 33.9 of
16 S.L. 2005-276, read as rewritten:

17 "(1) Any of the following items sold to a farmer or to a lessor of farmland
18 who is responsible for the upkeep and maintenance of farmland for use
19 by the farmer or by a lessor of farmland or the lessor's lessee in the
20 planting, cultivating, harvesting, or curing of Christmas trees and farm
21 crops or in the production of dairy products, eggs, or animals. A
22 'farmer' includes a dairy operator, a poultry farmer, an egg producer, a
23 livestock farmer, a farmer of crops, and a farmer of an aquatic species,
24 as defined in G.S. 106-758.

- 25 a. Commercial fertilizer, lime, land plaster, plastic mulch, plant
26 bed covers, potting soil, and seeds.
27 b. Farm machinery, attachment and repair parts for farm
28 machinery, and lubricants applied to farm machinery. The term

1 'machinery' includes implements that have moving parts or are
2 operated or drawn by an animal. The term does not include
3 implements operated wholly by hand or motor vehicles required
4 to be registered under Chapter 20 of the General Statutes.

5 c. A horse or mule.

6 d. Fuel other than electricity.

7 (1a) A container sold to a farmer, as defined in subdivision (1) of this
8 ~~section~~, section or to a lessor of farmland who is responsible for the
9 upkeep and maintenance of farmland used for a purpose set out in that
10 subdivision or in packaging and transporting the farmer's or lessor's
11 product for sale."

12 **SECTION 3.** This act becomes effective January 1, 2006, and applies to
13 sales made on or after that date.