

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 1692
Finance Committee Substitute Adopted 6/1/06

Short Title: Sales Tax on R&D Equipment.

(Public)

Sponsors:

Referred to:

May 18, 2006

1 A BILL TO BE ENTITLED
2 AN ACT TO REDUCE THE TAX ON SALES OF EQUIPMENT USED FOR
3 RESEARCH AND DEVELOPMENT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-187.51B reads as rewritten:

6 "**§ 105-187.51B. Tax imposed on ~~recycling equipment~~, certain recyclers and**
7 **research and development companies.**

8 (a) Tax. – A privilege tax is imposed on ~~a~~ the following:

9 (1) A major recycling facility that purchases any of the following tangible
10 personal property for use in connection with the facility:

11 ~~(1)~~ a. Cranes, structural steel crane support systems, and foundations
12 related to the cranes and support systems.

13 ~~(2)~~ b. Port and dock facilities.

14 ~~(3)~~ c. Rail equipment.

15 ~~(4)~~ d. Material handling equipment.

16 (2) A research and development company in the physical, engineering,
17 and life sciences that is included in Industry Group 541710 of NAICS,
18 as defined in G.S. 105-129.2, and that purchases equipment or an
19 attachment or repair part for equipment that meets all of the following
20 requirements:

21 a. Is capitalized by the company for tax purposes under the Code.

22 b. Is used by the company in the research and development of
23 tangible personal property.

24 c. Would be considered mill machinery under G.S. 105-187.51 if
25 it were purchased by a manufacturing industry or plant and used
26 in the research and development of tangible personal property
27 manufactured by the industry or plant.

1 (b) Rate. – The tax is one percent (1%) of the sales price of the equipment or
2 other tangible personal property. The maximum tax is eighty dollars (\$80.00) per
3 article."

4 **SECTION 2.** This act becomes effective January 1, 2007.