

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 1171

Short Title: Privilege Tax For Info. Tech. & Serv. Company. (Public)

Sponsors: Senators Cowell; Dalton, Hoyle, and Stevens.

Referred to: Finance.

March 22, 2007

1 A BILL TO BE ENTITLED
2 AN ACT TO LIMIT THE PRIVILEGE TAXES IMPOSED ON INFORMATION
3 TECHNOLOGY AND SERVICES COMPANIES.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 105-187.50 reads as rewritten:

6 "§ 105-187.50. Definitions.

7 The definitions in G.S. 105-164.3 apply in this Article. In addition, the following
8 definitions apply in this Article:

9 (1) Information technology and services. – Defined in G.S. 105-129.81.

10 (2) NAICS. – Defined in G.S. 105-129.2."

11 SECTION 2. G.S. 105-187.51B reads as rewritten:

12 "§ 105-187.51B. Tax imposed on certain recyclers and research and development
13 companies.

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

15 ...

16 (3) An information technology and services company that performs
17 research and development and that purchases equipment or an
18 attachment or repair part for equipment that meets all of the following
19 requirements:

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

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

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

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

1 **SECTION 3.** Section 2 of this act becomes effective July 1, 2007. The
2 remainder of this act is effective when it becomes law.