

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2013**

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**HOUSE BILL 1144**  
**PROPOSED COMMITTEE SUBSTITUTE H1144-PCS10596-SV-58**

Short Title: Study 1%/\$80 Rate for Mill Machinery.

(Public)

Sponsors:

Referred to:

May 21, 2014

1 A BILL TO BE ENTITLED  
2 AN ACT TO DIRECT THE REVENUE LAWS STUDY COMMITTEE TO STUDY THE  
3 SCOPE AND APPLICATION OF THE ONE PERCENT/EIGHTY-DOLLAR PRIVILEGE  
4 TAX APPLICABLE TO MILL MACHINERY AND CERTAIN OTHER MACHINERY  
5 AND EQUIPMENT.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** The Revenue Laws Study Committee is directed to study the scope  
8 and application of the privilege tax at the rate of one percent (1%) with a cap of eighty dollars  
9 (\$80.00) that applies to mill machinery and on other machinery and equipment purchased by  
10 certain industries and companies. The study may include an examination of the following:

- 11 (1) The criteria that must be met under current law in order to qualify for the  
12 preferential rate of tax and whether that criteria should be modified or  
13 otherwise clarified in the statutes.
- 14 (2) The tax treatment in other states of business equipment purchases.
- 15 (3) Economic competitiveness issues surrounding the tax treatment of business  
16 equipment purchases.
- 17 (4) A comparison of how North Carolina treats equipment purchases by  
18 similarly situated taxpayers.
- 19 (5) Whether there is a simpler, more uniform, and more equitable way to treat  
20 business equipment purchases of taxpayers and the fiscal impact of such  
21 treatment.
- 22 (6) The extent to which the 1%/\$80 rate applies or should apply to secondary  
23 metal recyclers.
- 24 (7) The extent to which a business's activities must consist of manufacturing  
25 items for sale in order for the 1%/\$80 rate to apply.
- 26 (8) Whether the 1%/\$80 rate should apply to equipment used to manufacture  
27 items that are not sold but are used in the fulfillment of a performance  
28 contract by the manufacturer.

29 The Committee may report its findings, together with any recommended legislation,  
30 to the 2015 Regular Session of the 2015 General Assembly upon its convening.

31 **SECTION 2.** This act is effective when it becomes law.

