

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 806

Short Title: Reduce Farm/Industry Fuel Tax.

(Public)

Sponsors: Representatives Creech; K. Miller, Carpenter, Sexton, and Buchanan.

Referred to: Finance.

April 11, 1995

A BILL TO BE ENTITLED

AN ACT TO PHASE DOWN THE SALES TAX ON ELECTRICITY AND NATURAL GAS USED IN FARMING AND MANUFACTURING FROM THREE PERCENT TO ONE PERCENT OVER SIX YEARS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.4(a) is amended by adding a new subdivision to read:

"(1f) The applicable rate provided in the table below applies to the sales price of the articles listed in paragraphs a. through c. of this subdivision:

<u>Effective Date</u>	<u>Rate</u>
<u>July 1, 1995</u>	<u>2.67%</u>
<u>July 1, 1996</u>	<u>2.34%</u>
<u>July 1, 1997</u>	<u>2%</u>
<u>July 1, 1998</u>	<u>1.67%</u>
<u>July 1, 1999</u>	<u>1.34%</u>
<u>July 1, 2000</u>	<u>1%.</u>

a. Sales of electricity and piped natural gas to farmers to be used by them for any farm purposes other than preparing food, heating dwellings, and other household purposes. The quantity of electricity or gas purchased or used at any one time shall not be a

1            determinative factor as to whether its sale or use is or is not  
2            subject to the rate of tax provided in this subdivision.

3            d.        Sales of electricity and piped natural gas to manufacturing  
4            industries and manufacturing plants for use in connection with  
5            the operation of the industries and plants other than sales of  
6            electricity and gas to be used for residential heating purposes.  
7            The quantity of electricity or gas purchased or used at any one  
8            time shall not be a determinative factor as to whether its sale or  
9            use is or is not subject to the rate of tax provided in this  
10           subdivision.

11           e.        Sales of electricity and piped natural gas to commercial laundries  
12           or to pressing and dry-cleaning establishments for use in  
13           machinery used in the direct performance of the laundering or the  
14           pressing and cleaning service."

15        Sec. 2. G.S. 105-164.4(a)(4a) reads as rewritten:

16           "(4a) The rate of three percent (3%) applies to the gross receipts  
17           derived by a utility from sales of electricity, piped natural gas, or  
18           local telecommunications service as defined by G.S. ~~105-120(e).~~  
19           105-120(e), other than sales of electricity or piped natural gas  
20           subject to tax under another subdivision in this section. Gross  
21           receipts from sales of piped natural gas shall not include natural  
22           gas expansion surcharges imposed under G.S. 62-158. A person  
23           who operates a utility is considered a retailer under this Article."

24        Sec. 3. Effective July 1, 2000, G.S. 105-164.4(a)(1c) reads as rewritten:

25           "(1c) The rate of one percent (1%) applies to the sales price of the  
26           following articles:

27           a.        Horses or mules by whomsoever sold.

28           b.        Semen to be used in the artificial insemination of animals.

29           c.        ~~Sales of fuel, other than electricity or piped natural gas, fuel and~~  
30           electricity to farmers to be used by them for any farm purposes  
31           other than preparing food, heating dwellings and other household  
32           purposes. The quantity of fuel or electricity purchased or used at  
33           any one time shall not ~~in any manner~~ be a determinative factor as  
34           to whether ~~any~~ its sale or use of fuel is or is not subject to the one  
35           percent (1%) rate of tax ~~imposed herein.~~ provided in this  
36           subdivision.

37           d.        ~~Sales of fuel, other than electricity or piped natural gas, fuel and~~  
38           electricity to manufacturing industries and manufacturing plants  
39           for use in connection with the operation of ~~such~~ these industries  
40           and plants other than sales of ~~fuels~~ fuel or electricity to be used  
41           for residential heating purposes. The quantity of fuel or  
42           electricity purchased or used at any one time shall not ~~in any~~  
43           manner be a determinative factor as to whether ~~any~~ its sale or use

1                   ~~of fuel~~ is or is not subject to the rate of tax provided in this  
2                   subdivision.

3                   e.     Sales of ~~fuel, other than electricity or piped natural gas,~~ fuel and  
4                   electricity to commercial laundries or to pressing and dry-  
5                   cleaning establishments for use in machinery used in the direct  
6                   performance of the laundering or the pressing and cleaning  
7                   service.

8                   f.     Sales to freezer locker plants of wrapping paper, cartons and  
9                   supplies consumed directly in the operation of such plant."

10                 Sec. 4. Section 3 of this act becomes effective July 1, 2000, and applies to  
11                 sales made on or after that date. The remainder of this act becomes effective July 1,  
12                 1995, and applies to sales made on or after that date. Section 1 of this act expires July 1,  
13                 2000.