

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL 454

Short Title: Mill Machinery Existing Law Clarification. (Public)

Sponsors: Senators Ballard and Gunn (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 2, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO CLARIFY THE MILL MACHINERY TAX BENEFIT.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-164.13(5e) reads as rewritten:

5 "(5e) Sales of mill machinery or mill machinery parts or accessories to any of the  
6 persons listed in this subdivision. For purposes of this subdivision, the term  
7 "accessories" does not include electricity. The persons are:

- 8 a. A manufacturing industry or plant. A manufacturing industry or plant  
9 does not include (i) a delicatessen, cafe, cafeteria, restaurant, or  
10 another similar retailer that is principally engaged in the retail sale of  
11 ~~foods~~ food prepared by it for consumption on or off its premises or (ii)  
12 a production company. For purposes of determining the taxability of  
13 mill machinery or mill machinery parts or accessories under this  
14 sub-subdivision, the determination of whether a person is or is  
15 excluded from a manufacturing plant or industry shall relate to the date  
16 of purchase.  
17 b. A contractor or subcontractor if the purchase is for use in the  
18 performance of a contract with a manufacturing industry or plant.  
19 c. A subcontractor if the purchase is for use in the performance of a  
20 contract with a general contractor that has a contract with a  
21 manufacturing industry or plant."

22 **SECTION 2.** The General Assembly finds that the language contained in  
23 G.S. 105-164.13(5e)a. and the language contained in the mill machinery tax benefit previously  
24 contained in G.S. 105-187.51(a)(1) is substantially identical for purposes of scope, and that the  
25 clarification provided in this act for purposes of the sales tax exemption should be used by the  
26 Department of Revenue for all determinations regarding persons claiming the mill machinery tax  
27 benefit from the time of its enactment until the time of its replacement with the tax exemption  
28 modified in Section 1 of this act. This act is intended solely to clarify the existing state of the law  
29 and the intent of the General Assembly with respect to the correct interpretation and meaning of  
30 the scope of the law both in its current form as a sales tax exemption and in its former iteration  
31 as a privilege tax provision.

32 **SECTION 3.** This act is effective when it becomes law.

