

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 944
Finance Committee Substitute Adopted 7/18/03

Short Title: Economic Incentives/Committee Changes.

(Public)

Sponsors:

Referred to:

April 3, 2003

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE SALES TAX REFUNDS FOR CONSTRUCTION MATERIALS FOR AIRCRAFT AND MOTOR VEHICLE MANUFACTURING FACILITIES, PHARMACEUTICAL AND BIOPROCESSING FACILITIES, AND SEMICONDUCTOR MANUFACTURING FACILITIES, AND TO EXPAND THE MEMBERSHIP OF THE REVENUE LAWS STUDY COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.14 is amended by adding a new subsection to read:

"(k) Certain Industrial Facilities. – The owner of an eligible facility is allowed an annual refund of sales and use taxes as provided in this subsection.

(1) Refund. – The owner of an eligible facility is allowed an annual refund of sales and use taxes paid by it under this Article on building materials, building supplies, fixtures, and equipment that become a part of the real property of the eligible facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred.

(2) Eligibility. – A facility is eligible under this subsection if it meets both of the following conditions:

a. It is primarily engaged in one of the industries listed in subdivision (3) of this subsection.

b. The Secretary of Commerce has certified that the owner of the facility will invest at least one hundred million dollars (\$100,000,000) in constructing the facility in this State.

(3) Industries. – This subsection applies to the following industries:

- 1 a. Aircraft manufacturing. Aircraft manufacturing means
2 manufacturing or assembling complete aircraft.
- 3 b. Bioprocessing. Bioprocessing means biomanufacturing or
4 processing that includes the culture of cells to make commercial
5 products, the purification of biomolecules from cells, or the use
6 of these molecules in manufacturing.
- 7 c. Motor vehicle manufacturing. Motor vehicle manufacturing
8 means either of the following:
- 9 1. Manufacturing complete automobiles and light duty
10 motor vehicles.
- 11 2. Manufacturing heavy duty truck chassis and assembling
12 complete heavy duty trucks, buses, heavy duty motor
13 homes, and other special purpose heavy duty motor
14 vehicles for highway use.
- 15 d. Pharmaceutical and medicine manufacturing. Pharmaceutical
16 and medicine manufacturing means any of the following:
- 17 1. Manufacturing biological and medicinal products. For
18 the purpose of this sub-subdivision, a biological product
19 is a preparation that is synthesized from living organisms
20 or their products and used medically as a diagnostic,
21 preventive, or therapeutic agent.
- 22 2. Processing botanical drugs and herbs by grading,
23 grinding, and milling.
- 24 3. Isolating active medicinal principals from botanical
25 drugs and herbs.
- 26 4. Manufacturing pharmaceutical products intended for
27 internal and external consumption in forms such as
28 ampoules, tablets, capsules, vials, ointments, powders,
29 solutions, and suspensions.
- 30 e. Semiconductor manufacturing. Semiconductor manufacturing
31 means manufacturing semiconductors and related solid state
32 devices, such as integrated circuits, memory chips,
33 microprocessors, diodes, transistors, and solar cells and other
34 optoelectronic devices.
- 35 (4) Forfeiture. – If the owner of an eligible facility does not make the
36 required minimum investment within five years after the first refund
37 under this subsection with respect to the facility, the facility loses its
38 eligibility and the owner forfeits all refunds already received under this
39 subsection. Upon forfeiture, the owner is liable for tax under this
40 Article equal to the amount of all past taxes refunded under this
41 subsection, plus interest at the rate established in G.S. 105-241.1(i),
42 computed from the date each refund was issued. The tax and interest
43 are due 30 days after the date of the forfeiture. A person that fails to

1 pay the tax and interest is subject to the penalties provided in
2 G.S. 105-236."

3 **SECTION 2.** G.S. 120-70.105 reads as rewritten:

4 "**§ 120-70.105. Creation and membership of the Revenue Laws Study Committee.**

5 (a) Membership. – The Revenue Laws Study Committee is established. The
6 Committee consists of ~~16~~18 members as follows:

7 (1) ~~Eight~~Nine members appointed by the President Pro Tempore of the
8 Senate; the persons appointed may be members of the Senate or public
9 members.

10 (2) ~~Eight~~Nine members appointed by the Speaker of the House of
11 Representatives; the persons appointed may be members of the House
12 of Representatives or public members.

13 (b) Terms. – Terms on the Committee are for two years and begin on January 15
14 of each odd-numbered year, except the terms of the initial members, which begin on
15 appointment. Legislative members may complete a term of service on the Committee
16 even if they do not seek reelection or are not reelected to the General Assembly, but
17 resignation or removal from service in the General Assembly constitutes resignation or
18 removal from service on the Committee.

19 A member continues to serve until a successor is appointed. A vacancy shall be
20 filled within 30 days by the officer who made the original appointment."

21 **SECTION 3.** Section 1 of this act becomes effective January 1, 2004, and
22 applies to sales made on or after that date. Section 2 of this act is effective when it
23 becomes law. The initial terms of the two new members added by Section 2 of this act
24 begin upon appointment and expire January 15, 2005.