GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2005

H D

HOUSE DRH80632-LY-399A* (5/18)

(Public)

Short Title: Sales Tax on R&D Equipment.

	Sponsors: Representative Gibson.							
	Referred to:							
1	A BILL TO BE ENTITLED							
2	AN ACT TO REDUCE THE TAX ON SALES OF EQUIPMENT USED FOR							
3	RESEARCH AND DEVELOPMENT.							
4	The General Assembly of North Carolina enacts:							
5	SECTION 1. G.S. 105-164.3 is amended by adding a new subdivision to							
6	read:							
7	"(33a) Research and development equipment Equipment used by a							
8	taxpayer to perform experimental or laboratory activity that has as its							
9	ultimate goal one or more of the following:							
10	<u>a.</u> <u>The development of new manufactured products.</u>							
11	<u>b.</u> <u>The improvement of existing manufactured products.</u>							
12	<u>c.</u> <u>The development of new uses for existing manufactured</u>							
13	products.							
14	<u>d.</u> The development or improvement of methods for producing							
15	manufactured products.							
16	The term does not include equipment used for testing or inspection for							
17	quality control purposes, efficiency surveys, management studies,							
18	consumer surveys or other market research, advertising or promotional							
19	activities, or research in connection with literacy, historical, or similar							
20	projects."							
21	SECTION 2. G.S. 105-164.13 is amended by adding a new subdivision to							
22	read:							
23	"(54) Research and development equipment that is subject to tax under							
24	Article 5F of this Chapter."							
25	SECTION 3. G.S. 105-187.51(a) is amended by adding a new subdivision to							
26	read:							

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l	" <u>(4)</u>	A qualified	taxpayer	who	purchases	research	and	development
2	<u>e</u>	quipment fo	or storage,	use, o	r consumpt	tion in this	State	e. A qualified
3	<u>t</u>	axpayer is a	<u>taxpayer</u>	whose	primary b	ousiness is	as a	research and
4	<u>c</u>	levelopment	company	in the	physical, e	ngineering	, and	life sciences,
5	<u>a</u>	s defined b	y NAICS.	The t	erm 'NAIC	S' has the	same	e meaning as
5	<u>c</u>	lefined in G.	S. 105-129	9.2."				
7	CECTI	ON 4 This	aat baaam	og offo	otivo Iuly 1	2006		

SECTION 4. This act becomes effective July 1, 2006.

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