

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

H

D

HOUSE DRH60314-MCx-146A (3/21)

Short Title: Tax on Heavy Equipment Rental Agreements. (Public)

Sponsors: Representative Saunders.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO IMPOSE A GROSS RECEIPTS TAX ON HEAVY EQUIPMENT
PROPERTY RENTALS IN LIEU OF A PROPERTY TAX ON THE EQUIPMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-275 is amended by adding a new subdivision to read:
"§ 105-275. **Property classified and excluded from the tax base.**

The following classes of property are hereby designated special classes under authority of Article V, Sec. 2(2), of the North Carolina Constitution and shall not be listed, appraised, assessed, or taxed:

...

(43) Heavy equipment property the rental of which is subject to tax under G.S. 153A-152 or G.S. 160A-211."

SECTION 2. G.S. 153A-152 is amended by adding a new subsection to read:

"(c) Heavy Equipment Rentals. – A county may levy a privilege tax on a business involved in one of the industries listed in this subsection. The privilege tax is based on the gross receipts of the business from heavy equipment rentals in this State. The rate of tax may not exceed three-quarters of one percent (0.75%). For the purposes of this subsection, the term 'NAICS' has the same meaning as under G.S. 105-129.81. The affected industries are:

(1) United States national industry 532412, as defined by NAICS – Construction, mining, and forestry machinery and equipment rental and leasing.

(2) United States national industry 532490, as defined by NAICS – Other commercial and industrial machinery and equipment rental and leasing.

1 Any entity required to collect the tax shall include a provision in each rental
2 agreement noting that the percentage amount enacted by the county of the total rental
3 price is being charged as a tax on gross receipts. For purposes of this section, the
4 transaction giving rise to the tax shall be deemed to have occurred at the location of the
5 entity from which the customer takes delivery of the heavy equipment. The tax shall be
6 collected at the time of rental and placed in a segregated account until remitted to the
7 county."

8 **SECTION 3.** G.S. 160A-211 is amended by adding a new subsection to
9 read:

10 "(e) Heavy Equipment Rentals. – Notwithstanding the general authority to levy
11 privilege tax granted under subsection (a) of this section, a city may levy a privilege tax
12 on a business involved in one of the industries listed in this subsection only as provided
13 in this subsection. The privilege tax is based on the gross receipts of the business from
14 heavy equipment rentals in this State. The rate of tax may not exceed three-quarters of
15 one percent (0.75%). For the purposes of this subsection, the term 'NAICS' has the same
16 meaning as under G.S. 105-129.81. The affected industries are:

17 (1) United States national industry 532412, as defined by NAICS –
18 Construction, mining, and forestry machinery and equipment rental
19 and leasing.

20 (2) United States national industry 532490, as defined by NAICS – Other
21 commercial and industrial machinery and equipment rental and
22 leasing.

23 Any entity required to collect the tax shall include a provision in each rental
24 agreement noting that the percentage amount enacted by the city of the total rental price
25 is being charged as a tax on gross receipts. For purposes of this section, the transaction
26 giving rise to the tax shall be deemed to have occurred at the location of the entity from
27 which the customer takes delivery of the heavy equipment. The tax shall be collected at
28 the time of rental and placed in a segregated account until remitted to the city."

29 **SECTION 4.** Section 1 of this act is effective for taxes imposed for taxable
30 years beginning on or after July 1, 2008. The remainder of this act is effective when it
31 becomes law; however, a tax levied under G.S. 153A-155(c) or G.S. 160A-211(e), as
32 enacted by this act, may not become effective before July 1, 2008.