

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**HOUSE BILL 1895**

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

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Sponsors: Representative Saunders.

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Referred to: Commerce, Small Business and Entrepreneurship, if favorable, Finance.

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April 30, 2007

1 A BILL TO BE ENTITLED  
2 AN ACT TO IMPOSE A GROSS RECEIPTS TAX ON HEAVY EQUIPMENT  
3 PROPERTY RENTALS IN LIEU OF A PROPERTY TAX ON THE EQUIPMENT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-275 is amended by adding a new subdivision to read:  
6 "**§ 105-275. Property classified and excluded from the tax base.**

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

10 ...

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

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

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

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

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

27 Any entity required to collect the tax shall include a provision in each rental  
28 agreement noting that the percentage amount enacted by the county of the total rental  
29 price is being charged as a tax on gross receipts. For purposes of this section, the

1 transaction giving rise to the tax shall be deemed to have occurred at the location of the  
2 entity from which the customer takes delivery of the heavy equipment. The tax shall be  
3 collected at the time of rental and placed in a segregated account until remitted to the  
4 county."

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

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

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

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

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

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