

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 933

Short Title: Reduce Farm/Industry Fuel Tax.

(Public)

Sponsors: Senator Rand.

Referred to: Finance

May 2, 1995

A BILL TO BE ENTITLED

AN ACT TO PHASE DOWN THE SALES TAX ON ELECTRICITY AND NATURAL GAS USED IN FARMING AND MANUFACTURING FROM THREE PERCENT TO ONE PERCENT OVER SIX YEARS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.4(a) is amended by adding a new subdivision to read:

"(1f) The applicable rate provided in the table below applies to the sales price of the articles listed in paragraphs a. through c. of this subdivision:

<u>Effective Date</u>	<u>Rate</u>
<u>July 1, 1995</u>	<u>2.67%</u>
<u>July 1, 1996</u>	<u>2.34%</u>
<u>July 1, 1997</u>	<u>2%</u>
<u>July 1, 1998</u>	<u>1.67%</u>
<u>July 1, 1999</u>	<u>1.34%</u>
<u>July 1, 2000</u>	<u>1%.</u>

a. Sales of electricity and piped natural gas to farmers to be used by them for any farm purposes other than preparing food, heating dwellings, and other household purposes. The quantity of electricity or gas purchased or used at any one time shall not be a

1 determinative factor as to whether its sale or use is or is not
2 subject to the rate of tax provided in this subdivision.

3 b. Sales of electricity and piped natural gas to manufacturing
4 industries and manufacturing plants for use in connection with
5 the operation of the industries and plants other than sales of
6 electricity and gas to be used for residential heating purposes.
7 The quantity of electricity or gas purchased or used at any one
8 time shall not be a determinative factor as to whether its sale or
9 use is or is not subject to the rate of tax provided in this
10 subdivision.

11 c. Sales of electricity and piped natural gas to commercial laundries
12 or to pressing and dry-cleaning establishments for use in
13 machinery used in the direct performance of the laundering or the
14 pressing and cleaning service."

15 Sec. 2. G.S. 105-164.4(a)(4a) reads as rewritten:

16 "(4a) The rate of three percent (3%) applies to the gross receipts
17 derived by a utility from sales of electricity, piped natural gas, or
18 local telecommunications service as defined by G.S. ~~105-120(e).~~
19 105-120(e), other than sales of electricity or piped natural gas
20 subject to tax under another subdivision in this section. Gross
21 receipts from sales of piped natural gas shall not include natural
22 gas expansion surcharges imposed under G.S. 62-158. A person
23 who operates a utility is considered a retailer under this Article."

24 Sec. 3. Effective July 1, 2000, G.S. 105-164.4(a)(1c) reads as rewritten:

25 "(1c) The rate of one percent (1%) applies to the sales price of the
26 following articles:

27 a. Horses or mules by whomsoever sold.

28 b. Semen to be used in the artificial insemination of animals.

29 c. Sales of ~~fuel, other than electricity or piped natural gas,~~ fuel and
30 electricity to farmers to be used by them for any farm purposes
31 other than preparing food, heating dwellings and other household
32 purposes. The quantity of fuel or electricity purchased or used at
33 any one time shall not ~~in any manner~~ be a determinative factor as
34 to whether ~~any~~ its sale or use ~~of fuel~~ is or is not subject to the one
35 percent (1%) rate of tax ~~imposed herein.~~ provided in this
36 subdivision.

37 d. Sales of ~~fuel, other than electricity or piped natural gas,~~ fuel and
38 electricity to manufacturing industries and manufacturing plants
39 for use in connection with the operation of ~~such~~ these industries
40 and plants other than sales of ~~fuels~~ fuel or electricity to be used
41 for residential heating purposes. The quantity of fuel or
42 electricity purchased or used at any one time shall not ~~in any~~
43 manner be a determinative factor as to whether ~~any~~ its sale or use

1 ~~of fuel~~ is or is not subject to the rate of tax provided in this
2 subdivision.

3 e. Sales of ~~fuel, other than electricity or piped natural gas,~~ fuel and
4 electricity to commercial laundries or to pressing and dry-
5 cleaning establishments for use in machinery used in the direct
6 performance of the laundering or the pressing and cleaning
7 service.

8 f. Sales to freezer locker plants of wrapping paper, cartons and
9 supplies consumed directly in the operation of such plant."

10 Sec. 4. Section 3 of this act becomes effective July 1, 2000, and applies to
11 sales made on or after that date. The remainder of this act becomes effective July 1,
12 1995, and applies to sales made on or after that date. Section 1 of this act expires July 1,
13 2000.