

TABLE 45. CERTAIN MACHINERY and EQUIPMENT TAX COLLECTIONS

[§ 105 ARTICLE 5F.]

Fiscal year	Gross tax collections [S]	Refunds [S]	Net collections before transfers [S]	Transfers				Collections to General Fund [S]	Year-over-year % change	
				Collection fees on overdue tax debts [S]	OSBM Civil Penalty & Forfeiture Fund [S]	Collection cost of fines/forfeitures [S]	TIMS and PDP component costs SL 2009-451 s. 6 20(a) [S]		Gross collections	Amount to General Fund
2005-06...	11,991,983	34,366	11,957,618	-	5,627	-	-	11,951,991	-	-
2006-07...	37,133,967	397,117	36,736,849	229	177,102	738	-	36,558,780	209.7%	205.9%
2007-08...	38,186,316	252,803	37,933,513	6,813	177,345	725	-	37,748,630	2.8%	3.3%
2008-09...	33,447,785	401,208	33,046,577	2,432	177,777	748	-	32,865,620	-12.4%	-12.9%
2009-10...	33,028,880	905,334	32,123,546	7,174	218,227	1,008	-	31,897,136	-1.3%	-2.9%
2010-11...	34,073,552	1,349,973	32,723,579	431	222,053	959	3,524	32,496,612	3.2%	1.9%
2011-12...	36,661,349	321,757	36,339,592	7,418	137,916	568	11,101	36,182,589	7.6%	11.3%
2012-13...	37,270,518	229,711	37,040,807	6,090	172,351	692	362	36,861,312	1.7%	1.9%
2013-14...	37,352,859	1,664,026	35,688,833	5,254	160,605	645	-	35,522,329	0.2%	-3.6%
2014-15...	41,609,565	253,891	41,355,674	5,818	233,701	962	-	41,115,193	11.4%	15.7%
2015-16...	47,414,223	704,463	46,709,760	5,416	290,888	1,227	-	46,412,229	14.0%	12.9%

Effective January 1, 2006, transactions of certain machinery and equipment and manufacturing fuel were exempted from State sales and use taxes imposed on the seller and, concurrently, made subject to a privilege tax imposed on the purchaser. [Applicable tax rates remained unchanged.]

Manufacturing machinery and equipment and recycling equipment are subject to a 1% tax rate with a maximum \$80 tax per article. [Purchases by State agencies are exempted from the privilege taxes imposed by this Article; effective October 1, 2014, the exemption in § 105-164.13(62) does not apply to an item used to maintain or repair tangible personal property pursuant to a service contract exempt from tax under § 105-164.41(b)(4).]

Prior to October 1, 2007, a privilege tax rate of 1% was imposed on fuel purchased by a manufacturing industry or plant used to operate the industry or plant.

Effective October 1, 2007, fuel purchased by a manufacturing industry or plant for qualifying purposes was reduced from 1% to 0.7%; effective July 1, 2008, the 0.7% rate was further reduced to 0.5%; effective July 1, 2009, the 0.5% rate was reduced to 0.3%; effective July 1, 2010, such transactions are fully exempt.

Effective July 1, 2007, the scope of this tax was expanded to include a company primarily engaged at the establishment in research and development activities in the physical, engineering, and life sciences (NAICS code-54171) that purchases qualifying equipment or attachment or repair parts for equipment (previously, purchases by research and development companies were subject to the combined State and local sales or use tax).

Effective October 1, 2007, a company primarily engaged at the establishment in software publishing activities included in the industry group (NAICS code-5112) was made subject to the tax for qualifying purchases. [Qualifying purchases for research and development and software publishing companies pertain to equipment (repair parts and attachments) that are capitalized by the company for tax purposes, are used by the company in the research and development of tangible personal property, and are considered mill machinery if purchased by the company to be used in the research and development of tangible personal property manufactured by the company.]

Effective October 1, 2007, the scope of this tax was expanded to include an eligible datacenter that purchases qualifying machinery or equipment to be located and used at the datacenter. Effective July 1, 2010, SL 2010-91 added provisions for qualifying requirements for a second datacenter, included eligibility for contractors and subcontractors of a datacenter, specified that the tax does not apply to equipment and machinery of an eligible Internet datacenter exempt from sales tax under § 105-164.13(55), and excluded software from taxable machinery and equipment definition in accordance with the datacenter-related software exemption from sales tax under § 105-164.13(43a)b.

Effective for transactions made on or after July 1, 2015, purchases or sales of datacenter machinery and equipment by or to an owner of a datacenter, or a contractor or subcontractor of an owner of a datacenter, are subject to the general 4.75% State rate of sales and use tax (the privilege tax imposed on machinery and equipment transactions purchased by a qualifying datacenter pursuant to § 105 Article 5F expires for transactions made on or after July 1, 2015).

Effective July 1, 2008, Article 5F was expanded to impose the tax on qualifying purchases of a company primarily engaged at the establishment in industrial machinery refurbishing activities included in industry group (NAICS code-811310).

Effective January 1, 2011, SL 2010-147 excluded purchases by motion picture and film production companies; purchases are now subject to the general State and local sales and use tax rates.

Effective July 1, 2013, Article 5F was expanded to impose the tax on a company located at a ports facility for waterborne commerce that purchases machinery and equipment that is used at the facility to unload or to facilitate the unloading or processing of bulk cargo to make it suitable for delivery to and use by manufacturing facilities (includes parts, accessories, or attachments used to maintain, repair, replace, upgrade, improve, or otherwise modify such machinery and equipment); provisions are effective for transactions occurring on or after July 1, 2013.

Effective July 1, 2013, Article 5F was expanded to impose the tax on purchases of mill machinery, distribution machinery, or parts or accessories for mill machinery or distribution machinery for storage, use, or consumption in North Carolina by a qualifying large manufacturing and distribution facility that is used primarily for manufacturing or assembling products and distributing finished products (special investment and employment level requirements apply); provisions are effective for transactions occurring on or after July 1, 2013 and expire for transactions occurring on or after July 1, 2018.