

**DEPARTMENT OF TAXATION  
2005 Fiscal Impact Statement**

**1. Patron** W. Roscoe Reynolds

**2. Bill Number** SB 1279

**3. Committee** Passed House and Senate

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

**4. Title** Machinery and Tools Tax: Separate  
Classification of Certain Heavy  
Construction Equipment

**Second House:**

☐ In Committee

☐ Substitute

☒ Enrolled

**5. Summary/Purpose:**

This bill would provide a separate classification of tangible personal property for certain heavy construction machinery owned or used by businesses for purposes of the local machinery and tools tax.

The effective date of this legislation is not specified.

**6. Fiscal Impact Estimates are:** Unknown. (See Line 8.)

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

This bill will have no impact on state revenues. Unless a locality elects to change the tax rate applicable to this class of heavy construction equipment to a rate different than the rate applicable to this equipment when subject to the machinery and tools tax or the rate applicable to the general class of tangible personal property, there will be no effect on local revenues.

**9. Specific agency or political subdivisions affected:**

All localities.

**10. Technical amendment necessary:** No

**11. Other comments:**

Generally, machinery and tools used in manufacturing, mining, water well drilling, processing or reprocessing, radio and television broadcasting, dairy, dry cleaning or a laundry business are segregated as a separate class of tangible personal property and are subject to local taxation only. The tax rate imposed on machinery and tools may not be higher than that imposed on other classes of tangible personal property.

This bill would provide a separate classification of tangible personal property for certain heavy construction machinery owned or used by businesses. This new classification would apply to heavy construction machinery, including but not limited to land movers, bulldozers, front-end loaders, graders, packers, power shovels, cranes, pile drivers, forest harvesting and silvicultural activity equipment and ditch and other types of diggers owned by businesses other than those businesses subject to the machinery and tools tax (manufacturing, mining, water well drilling, processing or reprocessing, radio and television broadcasting, dairy, dry cleaning or a laundry), those harvesting forest products or semiconductor manufacturing.

Therefore, localities would have the flexibility to impose a different rate of tax on heavy construction machinery owned and used by certain businesses than is imposed on heavy construction machinery owned by business subject to the machinery and tools tax, those engaged in harvesting forest products or semiconductor manufacturing.

There are 32 other categories of property that are currently classified as separate classes of tangible personal property that can be taxed by a locality at a rate that does not exceed the general rate imposed on tangible personal property

cc : Secretary of Finance

Date: 3/9/2005 SM  
SB1279ERF161