

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015**

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**HOUSE BILL 227**

Short Title: Broaden Sales Tax Exemption for Farmers. (Public)

Sponsors: Representatives Holloway, Whitmire, Riddell, and Zachary (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Agriculture, if favorable, Finance.

March 16, 2015

A BILL TO BE ENTITLED  
AN ACT TO LOWER THE INCOME REQUIREMENT FOR QUALIFYING FARMERS  
FOR PURPOSES OF THE SALES TAX EXEMPTION FOR FARMERS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-164.13E(a) reads as rewritten:

**"§ 105-164.13E. Exemption for farmers.**

(a) Exemption. – A qualifying farmer is a person who has an annual gross income for the preceding taxable year of ~~ten~~ five thousand dollars (~~\$10,000~~)(\$5,000) or more from farming operations or who has an average annual gross income for the three preceding taxable years of ~~ten~~ five thousand dollars (~~\$10,000~~)(\$5,000) or more from farming operations. A qualifying farmer includes a dairy operator, a poultry farmer, an egg producer, a livestock farmer, a farmer of crops, and a farmer of an aquatic species, as defined in G.S. 106-758. A qualifying farmer may apply to the Secretary for an exemption certificate number under G.S. 105-164.28A. The exemption certificate expires when a person fails to meet the income threshold for three consecutive taxable years or ceases to engage in farming operations.

The following tangible personal property, digital property, and services are exempt from sales and use tax if purchased by a qualifying farmer and for use by the farmer in farming operations. For purposes of this section, an item is used by a farmer for farming operations if it is used for the planting, cultivating, harvesting, or curing of farm crops or in the production of dairy products, eggs, or animals:

(1) Fuel and electricity that is measured by a separate meter or another separate device and used for a purpose other than preparing food, heating dwellings, and other household purposes.

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**SECTION 2.** This act becomes effective July 1, 2015, and applies to sales made on or after that date.

