

## HOUSE BILL NO. HB0044

Sales and use tax exemption-manufacturing equipment.

Sponsored by: Joint Revenue Interim Committee

## A BILL

for

1 AN ACT relating to taxation and revenue; providing for a  
2 sales and use tax exemption for machinery and machine tools  
3 used in manufacturing as specified; providing definitions;  
4 providing limitations; requiring a report; and providing  
5 for an effective date.

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7 *Be It Enacted by the Legislature of the State of Wyoming:*

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9       **Section 1.** W.S. 39-15-101(a) by creating new  
10 paragraphs (xix) through (xxii), 39-15-105(a)(viii) by  
11 creating new subparagraph (O), 39-16-101(a) by creating new  
12 paragraphs (xiii) through (xvi) and 39-16-105(a)(viii) by  
13 creating new subparagraph (D) are amended to read:

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15       **39-15-101. Definitions.**

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17       (a) As used in this article:

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(xix) "Directly and predominantly in manufacturing" means an item manufactured from inventoried raw or prepared material beginning at the point at which raw or prepared material is moved from plant inventory on a contiguous plant site and ending at a point at which manufacturing has altered the raw or prepared material to its completed form, including packaging, if required. Machinery used during the manufacturing process to move material from one direct production step to another in a continuous flow and machinery used in testing during the manufacturing process shall be deemed to be used directly and predominantly in manufacturing;

(xx) "Machinery" means all tangible personal property eligible for a sales tax exemption pursuant to W.S. 39-15-105(a)(viii)(O), used to produce an article of tangible personal property. The term includes both the basic unit and any adjunct or attachment necessary for the basic unit to accomplish its intended function, the materials for the construction or repair of machinery, and machine tools;

1            (xxi) "Manufacturing" means the operation of  
2 producing a new product, article, substance or commodity  
3 different from and having a distinctive nature, character  
4 or use from the raw or prepared material;

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6            (xxii) "NAICS" means the Northern American  
7 Industry Classification System manual of 2003 that  
8 organizes establishments into industries on the basis of  
9 the activity in which they are primarily engaged.

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11            **39-15-105. Exemptions.**

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13            (a) The following sales or leases are exempt from the  
14 excise tax imposed by this article:

15  
16            (viii) For the purpose of exempting sales of  
17 services and tangible personal property as an economic  
18 incentive, the following are exempt:

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20            (O) Until December 31, 2010, the sale or  
21 lease of machinery to be used in this state directly and  
22 predominantly in manufacturing tangible personal property,  
23 if the sale or lease:

1 (I) Is to a manufacturer classified by  
2 the department under the NAICS code manufacturing sector  
3 31 - 33;

4  
5 (II) Does not include noncapitalized  
6 machinery except machinery expensed in accordance with  
7 section 179 of the Internal Revenue Code; and

8  
9 (III) Is completed in the case of a  
10 sale, or executed in the case of a lease, on or after July  
11 1, 2004.

12  
13 **39-16-101. Definitions.**

14  
15 (a) As used in this article:

16  
17 (xiii) "Directly and predominantly in  
18 manufacturing" means an item manufactured from inventoried  
19 raw or prepared material beginning at the point at which  
20 raw or prepared material is moved from plant inventory on a  
21 contiguous plant site and ending at a point at which  
22 manufacturing has altered the raw or prepared material to  
23 its completed form, including packaging, if required.  
24 Machinery used during the manufacturing process to move

1 material from one direct production step to another in a  
2 continuous flow and machinery used in testing during the  
3 manufacturing process shall be deemed to be used directly  
4 and predominantly in manufacturing;

5  
6 (xiv) "Machinery" means all tangible personal  
7 property eligible for a use tax exemption pursuant to W.S.  
8 39-16-105(a)(viii)(D), used to produce an article of  
9 tangible personal property. The term includes both the  
10 basic unit and any adjunct or attachment necessary for the  
11 basic unit to accomplish its intended function, the  
12 materials for the construction or repair of machinery, and  
13 machine tools;

14  
15 (xv) "Manufacturing" means the operation of  
16 producing a new product, article, substance or commodity  
17 different from and having a distinctive nature, character  
18 or use from the raw or prepared material;

19  
20 (xvi) "NAICS" means the Northern American  
21 Industry Classification System manual of 2003 that  
22 organizes establishments into industries on the basis of  
23 the activity in which they are primarily engaged.

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1           **39-16-105. Exemptions.**

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3           (a) The following purchases or leases are exempt from  
4 the excise tax imposed by this article:

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6           (viii) For the purpose of exempting sales of  
7 services and tangible personal property as an economic  
8 incentive, the following are exempt:

9

10                   (D) Until December 31, 2010, the purchase  
11 or lease of machinery to be used in this state directly and  
12 predominantly in manufacturing tangible personal property,  
13 if the sale or lease:

14

15                   (I) Is to a manufacturer classified by  
16 the department under the NAICS code manufacturing sector  
17 31 - 33;

18

19                   (II) Does not include noncapitalized  
20 machinery except machinery expensed in accordance with  
21 section 179 of the Internal Revenue Code; and

22

1                   (III) Is completed in the case of a  
2                   sale, or executed in the case of a lease, on or after July  
3                   1, 2004.

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5                   **Section 2.**

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7                   (a) The Wyoming business council and the department  
8                   of revenue shall jointly report on or before December 1 of  
9                   each year the exemption provided by this act is in effect  
10                  to the joint minerals, business and economic development  
11                  interim committee and the joint revenue interim committee.  
12                  The report shall evaluate the cumulative effects of the  
13                  exemption from initiation of the exemption and shall  
14                  include:

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16                         (i) A history of employment in terms of numbers  
17                         of employees, full-time and part-time employees, and rate  
18                         of turnover;

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20                         (ii) A history of wages and benefits  
21                         disaggregated by gender for each job category;

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23                         (iii) A comprehensive history of taxes paid to  
24                         the state of Wyoming.

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2       **Section 3.**   This act is effective July 1, 2004.

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4                               (END)