

ORIGINAL HOUSE  
BILL NO. 0044

ENROLLED ACT NO. 20, HOUSE OF REPRESENTATIVES

FIFTY-SEVENTH LEGISLATURE OF THE STATE OF WYOMING  
2004 BUDGET SESSION

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

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

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

**39-15-101. Definitions.**

(a) As used in this article:

(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

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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;

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

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

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

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

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

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

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

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

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

**39-16-101. Definitions.**

(a) As used in this article:

(xiii) "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;

(xiv) "Machinery" means all tangible personal property eligible for a use tax exemption pursuant to W.S. 39-16-105(a)(viii)(D), 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;

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

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

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

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

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

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

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

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

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

**Section 2.**

(a) The Wyoming business council and the department of revenue shall jointly report on or before December 1 of each year the exemption provided by this act is in effect

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to the joint minerals, business and economic development interim committee and the joint revenue interim committee. The report shall evaluate the cumulative effects of the exemption from initiation of the exemption and shall include:

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

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

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

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

(END)

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Governor

TIME APPROVED: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_

I hereby certify that this act originated in the House.

\_\_\_\_\_  
Chief Clerk