

# SENATE NO. 1731

## **AN ACT** UPDATING THE SALES TAX CODE FOR MANUFACTURERS

*Be it enacted by the Senate and House of Representatives in General Court assembled,  
And by the authority of the same, as follows:*

1 SECTION 1. of chapter 64H of the General Laws, as appearing in the 2002 Official Edition, is hereby  
2 amended by inserting after the definition of “gross receipts” the following new definition:-

3 “Manufacturing facility”, either a building or other facility at a fixed location or a complex  
4 comprised of all buildings and fixed structures used by a purchaser and affiliated entities at a single  
5 location which is primarily engaged in the manufacture of tangible personal property to be sold in the  
6 regular course of business. For the purposes of this chapter, the manufacture of tangible personal  
7 property shall include the conversion or processing of tangible personal property.

8 SECTION 2. Section 6 of said chapter 64H, as so appearing, is hereby further amended by striking  
9 subsection (s) and inserting in place thereof the following new subsection:-

10 (s) Sales of machinery, or replacement parts thereof, used directly and exclusively in one or  
11 more of the following:-

12 (1) in agricultural production, including the raising of poultry and livestock;

13 (2) in commercial fishing;

14 (3) in the process of the manufacture of tangible personal property to be sold, including the  
15 publishing of a newspaper;

16 (4) in the operation of a commercial radio broadcasting or television transmission;

17 (5) in the furnishing of power to a manufacturing facility;

- 18           (6)    in the furnishing of gas, water, steam or electricity when delivered to consumers  
19                    through mains, lines or pipes;
- 20           (7)    in the production of animals for research, testing or other purposes relating to the  
21                    promotion or maintenance of the health, safety or well being of human beings or  
22                    animals;
- 23           (8)    in research and development by a manufacturing corporation or research and  
24                    development corporation within the meaning of sections 38C or 42B of chapter 63.

25           For purposes of this subsection and subsection (r), the process of manufacturing includes any  
26 process at a manufacturing facility that ultimately modifies or affects raw materials or components,  
27 commencing with the initial manipulation of raw materials or components and ending when the  
28 manufactured product is placed in primary packaging. Without limitation, the process of  
29 manufacturing includes processes necessary to actual manufacture, such as pollution control including  
30 the treatment of waste and the operating supplies used therefore, quality control, lighting and worker  
31 safety; processes that protect materials or components from contamination during manufacture such as  
32 air filtration, and the fabrication of machinery or tools which, in turn, modify or affect raw materials or  
33 components in a manufacturing facility. Without limitation, the process of manufacturing excludes  
34 activities primarily characterized as sales, administration, or research and development. The process  
35 of manufacturing further excludes all processes, such as storage, loading, unloading, transportation or  
36 inspection of raw materials or components, which take place before the initial manipulation of such  
37 materials or components at a manufacturing facility, and all processes, such as storage, loading,  
38 unloading, packaging, transportation or inspection of a product, which take place after the product has  
39 been placed in its primary packaging or removed from the manufacturing facility.