



2023-2024 General Assembly

# SENATE BILL 582: North Carolina Farm Act of 2023, Sec. 1.4: Exempt Compost from Sales Tax for Qualifying Farmers

**Committee:**  
**Introduced by:**  
**Analysis of:** Sec. 1.4 of S.L. 2023-63

**Date:** November 27, 2023  
**Prepared by:** Chris Saunders  
Staff Attorney

**OVERVIEW:** *Section 1.4 of S.L. 2023-63 exempts compost from sales and use tax when purchased by a qualifying farmer for use primarily in farming operations.*

*This bill was vetoed by the Governor on June 23, 2023, and that veto was overridden by the General Assembly on June 27, 2023.*

*This section became effective October 1, 2023.*

## BACKGROUND AND BILL ANALYSIS:

A qualifying farmer is a person who has an annual income from farming operations for the preceding taxable year of \$10,000 or more or who has an average annual income from farming operations for the three preceding taxable years of \$10,000 or more. Several enumerated items are exempt from sales and use tax when purchased by a qualifying farmer for use primarily in farming operations, including commercial fertilizer, lime, and potting soil.

**Section 1.4** of S.L. 2023-63 provides that compost is exempt from sales and use tax when purchased by a qualifying farmer for use primarily in farming operations.

## EFFECTIVE DATE:

This bill was vetoed by the Governor on June 23, 2023, and that veto was overridden by the General Assembly on June 27, 2023.

This section became effective October 1, 2023.

Jeffrey Hudson  
Director



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