

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1061

Short Title: Manufacturing Jobs Tax Credit.

(Public)

Sponsors: Representatives Hunt; and G. Miller.

Referred to: Business and Labor, if favorable, Finance.

May 15, 1995

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A CORPORATE INCOME TAX CREDIT FOR RETAINING
THREATENED MANUFACTURING JOBS IN DISTRESSED COUNTIES.

The General Assembly of North Carolina enacts:

Section 1. Division I of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.40A. Credit for retaining threatened manufacturing jobs in distressed county.

(a) Definitions. – The following definitions apply in this section:

(1) Full-time position. – Defined in G.S. 105-130.40.

(2) Located. – A position is located in a county if at least fifty percent (50%) of the employee's duties are performed in the county or the employee is a resident of the county.

(3) Severely distressed county. – A county designated as severely distressed pursuant to G.S. 105-130.40.

(b) Credit. – A corporation engaged in the business of manufacturing in a severely distressed county whose business is threatened because its principal product has become obsolete or uncompetitive due to technological advances is allowed a credit against the tax imposed by this Division equal to twenty percent (20%) of the corporation's expenses during the taxable year necessary to retain its threatened jobs in the county. For the

1 purpose of this section, expenses to retain threatened jobs include the costs of purchasing
2 and installing business equipment and making capital improvements to modify a
3 manufacturing facility for production of a different or an upgraded product. Expenses are
4 necessary to retain threatened jobs if the corporation's failure to modify the
5 manufacturing facility would cause the loss of at least 10 jobs in the county.

6 (c) Eligibility. – A corporation is eligible for this credit only if the number of its
7 full-time employees located in the county has not decreased during the three-year period
8 preceding the year the expenses are incurred.

9 (d) Installments; Condition. – The credit allowed under this section may not
10 exceed two thousand eight hundred dollars (\$2,800) for each threatened full-time job
11 retained by the corporation in the distressed county. The credit may not be taken in the
12 taxable year in which the expenses are incurred. Instead, the credit shall be taken in
13 equal installments over the four years following the taxable year in which the expenses
14 were incurred and shall be conditioned on the continued employment by the corporation
15 in the county and in the State of the number of full-time employees the corporation had in
16 the county and in the State during the taxable year the expenses were incurred. If, in one
17 of the four years in which the installment of a credit accrues, the number of the
18 corporation's full-time employees in the county or in the State falls below this number,
19 the credit expires and the corporation may not take any remaining installment of the
20 credit. The corporation may, however, take the portion of an installment that accrued in a
21 previous year and was carried forward to the extent permitted under subsection (e) of this
22 section.

23 (e) Limit; Carryforward. – The credit allowed under this section may not exceed
24 fifty percent (50%) of the amount of tax imposed by this Division for the taxable year
25 reduced by the sum of all credits allowed, except payments of tax made by or on behalf
26 of the taxpayer. Any unused portion of the credit may be carried forward for the
27 succeeding five taxable years.

28 (f) Certification. – In order to qualify for this credit, the taxpayer must provide
29 written certification from the Secretary of Commerce that it meets the conditions of this
30 section and that it has incurred the expenses for which credit is claimed. In addition, the
31 taxpayer must provide any other documentation required by the Secretary of Revenue.

32 (g) Documentation. – To obtain the certification of the Secretary of Commerce
33 that it meets the conditions of this section and that it has incurred the expenses for which
34 credit is claimed, a corporation must provide any information and documentation the
35 Secretary of Commerce requires. This information and documentation must be submitted
36 to the Secretary of Commerce through the local economic development officer for the
37 county in which the jobs are located.

38 Each year for four years after the expenses are incurred, the corporation shall provide
39 the Secretary of Commerce with documentation establishing that it has met the
40 continuing employment condition of subsection (d) of this section. The Secretary of
41 Commerce shall notify the Secretary of Revenue immediately of any corporation that
42 fails to establish that it meets this continuing employment condition.

1 Information submitted to the Secretary of Commerce pursuant to this subsection is a
2 public record. The Secretary of Commerce may adopt rules to implement this
3 subsection."

4 Sec. 2. This act is effective for taxable years beginning on or after January 1,
5 1995.