

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

REVISED

**BILL NUMBER:** House Bill 1598 (Third Edition)

**SHORT TITLE:** Extend Qualified Business Venture Tax Credit.

**SPONSOR(S):** Representatives Gibson, Owens, Daughtridge, and Wainwright

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>
<b>REVENUES:</b> (\$ millions)	\$0.0	\$0.0	(\$7.0)	(\$7.0)	(\$7.0)
<b>EXPENDITURES:</b>					
<b>POSITIONS</b> (cumulative):					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Revenue					
<b>EFFECTIVE DATE:</b> January 1, 2008					

**BILL SUMMARY:**

The bill extends the Qualified Business Venture (QBV) tax credit to December 31, 2010. The tax credit is set to sunset on January 1, 2008. The QBV tax credit provides a 25% credit against personal income tax for individual investments in qualifying small businesses. Credits are capped at \$50,000 per individual investor per year, and at \$7 million per year for all investments statewide. To qualify for the credit, businesses must have less than \$5 million in revenues annually and be engaged primarily in manufacturing, processing, warehousing, wholesaling, or research and development.

**ASSUMPTIONS AND METHODOLOGY:**

Demand for the credit exceeded the \$7 million cap in 2006 and is expected to continue to be equal to, or greater, than the cap in future tax years. Therefore, the impact of the bill from extending the tax credit through tax year 2010 would be equal to the \$7 million cap for each of the respective fiscal years.

**SOURCES OF DATA:** Department of Revenue

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** June 26, 2007



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