

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1499

Short Title: Small Business Tax Credit - Military Call-Up. (Public)

Sponsors: Representatives Martin, Holliman, R. Warren, Braxton (Primary Sponsors); Alexander, Allen, Bordsen, Brisson, Bryant, Coates, Coleman, Cotham, Cunningham, Current, Dickson, England, Faison, Fisher, Frye, Gibson, Glazier, Goforth, Goodwin, Hall, T. Harrell, J. Harrell, Harrison, Hilton, Lucas, McGee, Moore, Owens, Pate, Pierce, Spear, Tarleton, Tolson, Tucker, Underhill, Wainwright, Walker, Wilkins, and Womble.

Referred to: Homeland Security, Military and Veterans Affairs, if favorable, Finance.

April 17, 2007

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR A TAX CREDIT FOR SMALL BUSINESSES TO
OFFSET EMPLOYMENT COSTS ASSOCIATED WITH ACTIVE DUTY
DEPLOYMENT OF MEMBERS OF THE RESERVES OR NATIONAL GUARD.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-129.16E(c)(3) is recodified as G.S. 105-129.15(9).

SECTION 2. Article 3B of Chapter 105 of the General Statutes is amended
by adding a new section to read:

"§ 105-129.16G. Tax credits for Ready Reserve-National Guard employees.

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

(1) Qualified active duty. – Active duty other than training duty specified in 10 U.S.C. § 10147 or 32 U.S.C. § 502(a) with respect to which an employee is entitled to reemployment rights and other benefits or to a leave of absence from employment under chapter 43 of title 38 of the United States Code or hospitalization incident to active duty described in this subdivision.

(2) Ready Reserve-National Guard employee. – An employee who is a member of the Ready Reserve of a reserve component of an Armed Force of the United States.

(b) Replacement Credit. – A small business that temporarily replaces a Ready Reserve-National Guard employee who is on qualified active duty is allowed a credit under this Article. The amount of the credit is equal to one hundred percent (100%) of the compensation paid to the replacement employee for a period of time not to exceed three months. A small business may not take the credit allowed by this section for more

1 than one replacement employee for each Ready Reserve-National Guard employee per
2 period of qualified active duty. The amount of the credit may not exceed the Ready
3 Reserve-National Guard employee's regular compensation for a three-month period.

4 (c) **Returning Ready Reserve-National Guard Employee Credit.** – A small
5 business that employs a Ready Reserve-National Guard employee that returns to
6 employment from qualified active duty is allowed a credit under this Article. The
7 amount of the credit is equal to one hundred percent (100%) of the compensation paid
8 to the returning Ready Reserve-National Guard employee for the first month after the
9 employee returns from qualified active duty. The amount of the credit may not exceed
10 the employee's regular compensation for one month.

11 (d) **Sunset.** – This section expires for taxable years beginning on or after January
12 1, 2012."

13 **SECTION 3.** This act is effective for taxable years beginning on or after
14 January 1, 2007.