

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH70740-RB-20A (04/05)

Short Title: Economic Enhancement to Create Jobs. (Public)

Sponsors: Representative Daughtridge.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM CORPORATE INCOME TAX THE FIRST
EIGHTY-FIVE THOUSAND DOLLARS OF STATE TAXABLE INCOME AS
AN ECONOMIC ENHANCEMENT TO CREATE JOBS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-130.3 reads as rewritten:

"**§ 105-130.3. Corporations.**

(a) Tax. – A tax is imposed on the State net income of every C Corporation doing business in this State. An S Corporation is not subject to the tax levied in this section. The tax is ~~a percentage six and nine-tenths percent (6.9%)~~ of the taxpayer's State net income computed as follows:

Income Years Beginning	Tax
In 1997	7.5%
In 1998	7.25%
In 1999	7%
After 1999	6.9%-income

(b) Exemption. – Before computing the tax in subsection (a) of this section, a Corporation that is not required to apportion income to this State may subtract from State net income eighty-five thousand dollars (\$85,000). If a C Corporation is required to apportion income to this State, the applicable exemption amount is the product of the corporation's apportionment fraction determined under G.S. 105-130.4(i) multiplied by eighty-five thousand dollars (\$85,000)."

SECTION 2. G.S. 115C-546.1(b) reads as rewritten:

(b) Each calendar quarter, the Secretary of Revenue shall remit to the State Treasurer for credit to the Public School Building Capital Fund an amount equal ~~to the applicable fraction provided in the table below~~ to eighteen twenty-thirds (18/23) of the net collections received during the previous quarter by the Department of Revenue

1 under G.S. 105-130.3. All funds deposited in the Public School Building Capital Fund
2 shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3.

3	Period	Fraction
4	10/1/97 to 9/30/98	One-fifteenth (1/15)
5	10/1/98 to 9/30/99	Two-twenty-ninths (2/29)
6	10/1/99 to 9/30/00	One-fourteenth (1/14)
7	After 9/30/00	Five-sixty-ninths (5/69)"

8 **SECTION 3.** Section 1 of this act is effective for taxable years beginning on
9 or after January 1, 2008. Section 2 of this act is effective July 1, 2008, and applies to the
10 calendar quarter that ends September 30, 2008. The remainder of this act is effective
11 when it becomes law.