

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2695

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

Sponsors: Representatives Daughtridge, Dockham, McGee (Primary Sponsors); Allred, Blackwood, Blust, Boylan, Brown, Brubaker, Clary, Cleveland, Daughtry, Dollar, Folwell, Frye, Gibson, Gulley, Hilton, Howard, Hurley, Johnson, Justus, Kiser, McComas, Moore, Pate, Ray, Setzer, Starnes, Steen, Stiller, Walker, West, and Wiley.

Referred to: Finance.

May 28, 2008

A BILL TO BE ENTITLED

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

4 The General Assembly of North Carolina enacts:

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

6 "**§ 105-130.3. Corporations.**

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

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

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

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

18 "(b) Each calendar quarter, the Secretary of Revenue shall remit to the State
19 Treasurer for credit to the Public School Building Capital Fund an amount equal to the

1 ~~applicable fraction provided in the table below to eighteen twenty-thirds (18/23)~~ of the
 2 net collections received during the previous quarter by the Department of Revenue
 3 under G.S. 105-130.3. All funds deposited in the Public School Building Capital Fund
 4 shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3.

5 Period	Fraction
6 10/1/97 to 9/30/98	One fifteenth (1/15)
7 10/1/98 to 9/30/99	Two twenty-ninths (2/29)
8 10/1/99 to 9/30/00	One fourteenth (1/14)
9 After 9/30/00	Five sixty-ninths (5/69)"

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