

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 445

Short Title: Small Business Tax Exemption. (Public)

Sponsors: Representatives Holloway, Blackwood (Primary Sponsors); Blust, Coates, Hughes, Justice, Moore, Randleman, and Starnes.

Referred to: Commerce, Small Business, and Entrepreneurship, if favorable, Finance.

March 9, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE A SMALL BUSINESS INCOME TAX EXEMPTION OF FIFTY
3 THOUSAND DOLLARS TO C CORPORATIONS; AND TO MINIMIZE THE
4 MONETARY IMPACT OF THE TAX EXEMPTION ON THE PUBLIC SCHOOL
5 BUILDING CAPITAL FUND.

6 The General Assembly of North Carolina enacts:

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

8 "**§ 105-130.3. Corporations.**

9 (a) Tax. – A tax is imposed on the State net income of every C Corporation doing
10 business in this State. An S Corporation is not subject to the tax levied in this section. The tax
11 is a percentage 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%. |

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17 (b) Exemption. – Before computing the tax in subsection (a) of this section, a C
18 Corporation that is not required to apportion income to this State may subtract from State net
19 income fifty thousand dollars (\$50,000). If a C Corporation is required to apportion income to
20 this State, the applicable exemption amount is the product of the corporation's apportionment
21 fraction determined under G.S. 105-130.4(i) multiplied by fifty thousand dollars (\$50,000)."

22 **SECTION 2.** G.S. 115C-546.1 reads as rewritten:

23 "**§ 115C-546.1. Creation of Fund; administration.**

24 (a) There is created the Public School Building Capital Fund. The Fund shall be used to
25 assist county governments in meeting their public school building capital needs and their
26 equipment needs under their local school technology plans.

27 (b) Each calendar quarter, the Secretary of Revenue shall remit to the State Treasurer
28 for credit to the Public School Building Capital Fund an amount equal to the applicable fraction
29 or percentage provided in the table below of the net collections received during the previous
30 quarter by the Department of Revenue under G.S. 105-130.3. All funds deposited in the Public
31 School Building Capital Fund shall be invested as provided in G.S. 147-69.2 and
32 G.S. 147-69.3.

| <u>Period</u> | <u>Fraction or Percentage</u> |
|--------------------|-------------------------------|
| 10/1/97 to 9/30/98 | One-fifteenth (1/15) |
| 10/1/98 to 9/30/99 | Two twenty-ninths (2/29) |
| 10/1/99 to 9/30/00 | One-fourteenth (1/14) |



1 10/1/00 to 9/30/09 ~~After 9/30/00~~ Five sixty-ninths (5/69)
2 After 9/30/09 Seven and fifty-four one-hundredths percent (7.54%).
3 (c) The Fund shall be administered by the Department of Public Instruction."
4 **SECTION 3.** Section 1 of this act is effective for taxable years beginning on or
5 after January 1, 2009. The remainder of this act is effective when it becomes law.