

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: Senate Bill 436 (First Edition)

SHORT TITLE: Extend Qualified Business Venture Tax Credit.

SPONSOR(S): Senator Hartsell

| FISCAL IMPACT | | | | | |
|---------------------------------------------------------------------------------|-------------------|-------------------|---------------------------|-------------------|-------------------|
| | Yes (x) | No () | No Estimate Available () | | |
| | <u>FY 2011-12</u> | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>FY 2014-15</u> | <u>FY 2015-16</u> |
| REVENUES: (\$Millions) | 0 | 0 | (7.5) | (7.5) | (7.5) |
| PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue | | | | | |
| EFFECTIVE DATE: Effective when it becomes law | | | | | |

BILL SUMMARY: Senate Bill 436 extends the sunset for the qualified business venture tax credit from January 1, 2013 to January 1, 2016. The qualified business venture tax credit is allowed for an individual taxpayer who invests in a qualifying small business. Qualifying small businesses include a business that engages primarily in manufacturing, processing, warehousing, wholesaling, research and development, or a service-related industry, a business that has received within the preceding three years funding from a federal agency under the Small Business Innovation Research Programs, or a business that has been certified by a research university as currently performing under a licensing agreement with the institution for commercializing technology developed at the institution. The credit is equal to 25% of the amount invested and may not exceed \$50,000 per individual in a single taxable year. The total amount of tax credits allowed to taxpayers for investments made in a calendar year may not exceed \$7.5 million.

ASSUMPTIONS AND METHODOLOGY: Credit utilization is expected to equal the cap. Therefore, the impact for each year the credit is extended equals the \$7.5 million cap.

SOURCES OF DATA: Department of Revenue

TECHNICAL CONSIDERATIONS: None

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