

May 17, 2000

H 1560. MODIFY BILL LEE TAX CREDITS. *TO MODIFY THE INCOME TAX CREDIT FOR JOB CREATION, TO MAKE A CORRECTION TO THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT, AND TO CLARIFY THAT A TAXPAYER WHO CLAIMS A TAX CREDIT UNDER THE WILLIAM S. LEE ACT LOSES ANY REMAINING INSTALLMENTS IF THE TAXPAYER CEASES TO ENGAGE IN AN ELIGIBLE BUSINESS.* Amends GS 105-129.8(a) (jobs creation tax credit) to restate minimum employee requirement for eligible business as five full-time employees (rather than five employees for at least 40 weeks during the taxable year). Amends GS 105-129.9 (credit for investing in machinery and equipment) to modify provisions regarding expiration of credit because machinery and equipment for which credit given is taken out of service. Permits taxpayer to continue to take credit if cost of machinery taken out of service is offset in same taxable year by taxpayer's new investment in eligible machinery and equipment. Adds new GS 105-129.4(a2) providing that if taxpayer stops engaging in eligible business, credit expires and taxpayer may not take any remaining portions of credit; does permit taxpayer to take any portion of credit that accrued in prior year and that was carried forward. Effective for taxable years beginning on or after Jan. 1, 2000.

Intro. by Allen, Gray, and Hill.

Ref. to Finance	GS 105
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June 7, 2000

H 1560. MODIFY BILL LEE ACT. Intro. 5/17/00. House committee substitute makes the following changes to 1st edition. Changes title to "AN ACT TO MAKE MODIFICATIONS TO THE WILLIAM S. LEE ACT AND TO RELATED ECONOMIC DEVELOPMENT LAWS." Amends GS 105-129.6(a1) to provide that fee does not apply to any credit the taxpayer intends to claim with respect to a location that is in a development zone as defined in GS 105-129.3A. Amends GS 105-129.13(e) to provide that there is no fee for an application under this section. Adds GS 105-129.5(c) to provide that any unused portion of a credit may be carried forward for the succeeding ten years if the Sec'y of Commerce certifies when an application for the credit is first made that the taxpayer will purchase or lease, and place in service in connection with the eligible business within a two-year period, at least \$50 million worth of real property, machinery and equipment, or central office or aircraft facility property. If taxpayer fails to make the level of investment certified in two-year period, taxpayer forfeits enhanced carry forward period. Amends SL 1999-237, Sec. 16.2 to provide that monies from the Fund may be allocated only to projects that meet the wage standard set out in GS 105-129.4(b) and makes conforming change to GS 143B-437.01(a)(6). Adds GS 143B-431.2 to bar Dep't of Commerce from making loan or grant to individual, organization, or governmental unit in default on loan made by Dep't. Amends GS 105-129.2(2) to add an auxiliary subdivision of an interstate passenger air carrier engaged primarily in aircraft maintenance and repair services or aircraft rebuilding as defined by NAICS, and makes conforming change to GS 105-129.2(8) and -129.2(8a). Amends GS 129.4 and GS 105-129.12 to add term "aircraft facility" to type of business eligible for credit, and repeals provision effective January 1, 2006. Amends GS 105-129.4(e) to provide employee buyout incentive if business acquired by employees as set forth in act. Amends GS 105-129.16B to add to definition of term "qualified North Carolina low-income building" one located in counties listed in section designated as having sustained severe or moderate hurricane damage according to cited FEMA impact map. Retains proposed amendment to GS 105-129.8(a) and GS 105-129.9. Makes technical correction to GS 105-164.14(i). Sets forth various effective dates.