

June 6, 2002

**H 1551. CONFORM TAX ON BANKS. TO CONFORM STATE INCOME TAX ON BANKS TO FEDERAL INCOME TAX ON BANKS.** Amends GS 105-130.5(a) to include as income that portion of a financial institution's interest expense that is allocable to interest income that is exempt from taxation. The allocable portion is the portion that would be disallowed under the federal code if the interest were earned on a tax-exempt obligation. Effective for taxable years beginning on or after Jan. 1, 2002, and expires for taxable years beginning on or after Jan. 1, 2005.

**Intro. by Michaux.**

Ref. to Finance	GS 105
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