

June 17, 2002

S 1440. TEMP. REVENUE INCREASES TO PROTECT CHILDREN. *TO PROTECT OUR CHILDREN BY INSTITUTING TEMPORARY REVENUE INCREASES BY TRANSFERRING FUNDS TO THE GENERAL FUND FROM THE TOBACCO SETTLEMENT FUNDS, BY ELIMINATING BILL LEE ACT CREDITS IN TIERS FOUR AND FIVE, BY REINSTATING THE CORPORATE INCOME TAX TO PREVIOUS LEVELS, BY ENACTING A SURTAX ON HIGHER-INCOME INDIVIDUALS, BY TRANSFERRING MONEY FROM HIGHWAY TRUST FUND, AND BY APPLYING THE SALES TAX TO CERTAIN PROFESSIONAL SERVICES.* Substantially similar to H 1656, introduced 06/12/02, except in the following respects: (1) excludes provisions in H 1656 for increasing the income tax rate on higher-income individuals to either 8.75% or 9.25% for tax years 2002, 2003, and 2004, but amends GS 105-130.3A and 105-134.2A to require all taxpayers to pay an income tax surtax of 2% of the tax otherwise payable for tax years 2002, 2003, and 2004; (2) amends GS 105-164.3(34) and (35) to impose a 4½ % sales tax (privilege tax) on the following professional services: legal services, advertising, computer services, consulting, engineering, and accounting, effective July 1, 2002; (3) excludes provision for increasing the corporate income tax rate from 6.9% to 7.75% for tax years 2002, 2003, and 2004; (4) excludes transfer of all of the funds credited to the Health Trust Account and all of the funds credited to the Health Trust Account from the Master (Tobacco) Settlement Agreement during fiscal 2002-2003 to the Dep't of State Treasurer to support General Fund appropriations for fiscal 2002-2003; and (5) provides that no addition to tax may be made for the 2002 tax year with respect to the a tax underpayment to the extent the underpayment was created or increased by the bill (H 1656, similar provision but applicable to 2001 tax year).

Intro. by Kinnaird.

To be referred 6-18	GS 105, APPROP
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