March 20, 2007
S 1174. FOUNDERS' STOCK TAX INCENTIVES. Filed 3/20/07. *TO EXCLUDE FROM INCOME TAX CERTAIN GAINS FROM INVESTMENTS IN TECHNOLOGY BUSINESSES AND OTHER QUALIFIED SMALL BUSINESSES.*

To be summarized in tomorrow's *Daily Bulletin.*
Intro. by Cowell.   GS 105

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As title indicates, enacts new GS 105-163.020 through GS 105-163.022 in Part 5 of Article 4 of GS Chapter 105, Incentives for Qualified Business Investments. Amends GS 105-163.010 to add information technology businesses as a type of business that qualifies for existing tax credits as well as for the proposed new exclusion, and to define information technology as providing goods or services relating to electronic data processing, telecommunications, microprocessors, the Internet, software, information processing, or automated office systems. Amends GS 105-163.010B to extend the sunset date for tax credits for qualified business investments from January 1, 2008, to January 1, 2011.

Excludes from taxable income under state corporate and individual income tax any recognized gain or other taxable income from the sale or exchange of qualified securities, which, except as otherwise provided in the act, include any equity security or subordinated debt instrument issued on or after January 1, 2008, by a qualified business, acquired by the taxpayer at its original issue in exchange for cash, services, or other property, held for at least one year, and acquired without payment of a broker's fee or commission for soliciting the purchase. Extensive provisions address qualification, registration, effect of redemptions and other distributions, conversion of other securities, transfers of securities, contributions and exchanges of property, and short positions and other transactions that substantially reduce the risk of loss from holding the securities*.*
Intro. by Cowell.   GS 105