

May 5, 2009

H 1594. STUDY SPECIAL TAX REDUCTION PROVISIONS. Filed 5/5/09. *TO REQUIRE THE REVENUE LAWS STUDY COMMITTEE TO STUDY SPECIAL PROVISIONS IN THE NORTH CAROLINA TAX CODE.*

Authorizes the Revenue Laws Study Committee (Committee) to study issues relating to the effects on state revenues of government-enacted tax incentives, exemptions, credits, refunds, and exclusions, including a repeal or modification of certain tax provisions.

Specified tax provisions to be studied in GS Chapter 105 include the following: (1) tax incentive provisions: (a) Article 3A. Tax Incentives for New and Expanding Businesses, (b) Article 3B. Business and Energy Tax Credits, (c) Article 3C. Tax Incentives for Recycling Facilities, (d) Article 3D. Historic Rehabilitation Tax Credits, (e) Article 3E. Low-Income Housing Tax Credits, (f) Article 3F. Research and Development, (g) Article 3G. Tax Incentives for Major Manufacturing Facilities, (h) Article 3H. Mill Rehabilitation Tax Credit (i) Article 3J. Tax Credits for Growing Businesses, (j) Article 3K. Tax Incentives for Railroad Intermodal Facilities, and (k) Article 5F. Manufacturing Fuel and Certain Machinery and Equipment; (2) corporate income tax liability provisions: (a) GS 105-130.8. Net economic loss, (b) GS 105-130.9. Contributions, (c) GS 105-130.22. Tax credit for construction of dwelling units for handicapped persons, (d) GS 105-130.25. Credit against corporate income tax for construction of cogenerating power plants, (e) GS 105-130.34. Credit for certain real property donations, (f) GS 105-130.36. Credit for conservation tillage equipment, (g) GS 105-130.37. Credit for gleaned crop, (h) GS 105-130.39. Credit for certain telephone subscriber line charges, (i) GS 105-130.41. Credit for North Carolina State Ports Authority wharfage, handling, and throughput charges, (j) GS 105-130.43. Credit for savings and loan supervisory fees, (k) GS 105-130.44. Credit for construction of poultry composting facility, (l) GS 105-130.45. Credit for manufacturing cigarettes for exportation, (m) GS 105-130.46. Credit for manufacturing cigarettes for exportation while increasing employment and utilizing State Ports, (n) GS 105-130.47. Credit for qualifying expenses of a production company, and (o) GS 105-130.48. Credit for recycling oyster shells; (3) proposed amendments to GS 105-130.5 (related to adjustments to federal taxable income in determining state net income for corporate income tax purposes) as set forth in Section 2 of the bill; (4) personal income tax liability provisions: (a) GS 105-151.1. Credit for construction of dwelling units for handicapped persons, (b) GS 105-151.11. Credit for child care and certain employment-related expenses, (c) GS 105-151.12. Credit for certain real property donations, (d) GS 105-151.13. Credit for conservation tillage equipment, (e) GS 105-151.14. Credit for gleaned crop, (f) GS 105-151.18. Credit for the disabled, (g) G.S. 105-151.20. Credit or partial refund for tax paid on certain federal retirement benefits, (h) GS 105-151.21. Credit for property taxes paid on farm machinery, (i) GS 105-151.22. Credit for North Carolina State Ports Authority wharfage, handling, and throughput charges, (j) GS 105-151.24. Credit for children, (k) GS 105-151.25. Credit for construction of a poultry composting facility, (l) GS 105-151.26. Credit for charitable contributions by nonitemizers, (m) GS 105-151.28. Credit for premiums paid on long-term care insurance, (n) GS 105-151.29. Credit for qualifying expenses of a production company, (o) GS 105-151.30. Credit for recycling oyster shells, (p) GS 105-151.31. Earned income tax credit, (q) GS 105-151.32. Credit for adoption expenses, and (r) Part 5 of Article 4 of Chapter 105 of the General Statutes (Tax Credits for Qualified Business Investments); (5) proposed amendments to GS 105-134.6 (related to adjustments to taxable income for individual income tax purposes) as set forth in Section 3 of the bill; (6) sales and use tax liability provisions: (a) GS 105-164.13A. Service charges on food, beverages, or meals, (b) GS 105-164.13B. Food exempt from tax, (c) GS 105-164.13C. Sales and use tax holiday, (d) GS 105-164.13D. Sales and use tax holiday for Energy Star qualified products, and (e) GS 105-164.14. Certain refunds authorized; (7) proposed amendments to GS 105-164.13 (related to exemptions from retail sales and use taxes) as set forth in Section 4 of the bill; (8) miscellaneous tax liability: (a) GS 105-40. Amusements – Certain exhibitions, performances, and entertainments exempt from tax, (b) GS 105-113.21. Discount; refund, (c) GS 105-113.39. Discount; refund, (d) GS 105-113.81. Exemptions, (e) GS 105-113.85. Discount, (f) GS 105-13.87. Refund for excise tax paid on sacramental wine, (g) GS 105-122.1. Credit for additional annual report fees paid by limited liability companies subject to franchise tax, (h) GS 105-125. Exempt corporations, and (i) GS 105-228.5A. Credit against gross premium tax for

assessments paid to the Insurance Guaranty Association and the Life and Health Insurance Guaranty Association; and (9) any other tax provision reducing tax liability.

Allows the Committee to make an interim report to the 2010 Regular Session of the 2009 General Assembly and requires that it make its final report to the 2011 General Assembly.

Intro. by Gibson.

GS 105, STUDY