



**NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT**

Senate Bill 202

S202-CRLBxf-140 [v.3]

Page 1 of 8

[YES] Title Change

[YES] For Committee Substitute

To: The President of the Senate
The Speaker of the House of Representatives

The conferees appointed to resolve the differences between the Senate and the House of Representatives on Senate Bill 202, A BILL TO BE ENTITLED AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES; TO PROVIDE FOR TWO NEW PERMANENT UPPER-INCOME TAX BRACKETS WITH BEGINNING THRESHOLDS AT TWICE AND FIVE TIMES THE CURRENT HIGHEST BRACKET EFFECTIVE JANUARY 1, 2009; TO PERMANENTLY PROVIDE FOR MANDATORY COMBINED REPORTING FOR CORPORATE INCOME TAX PURPOSES EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY EXPAND THE CORPORATE FRANCHISE TAX BASE TO INCLUDE ALL LIMITED LIABILITY BUSINESS ENTITIES EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY MODIFY THE CORPORATE INCOME TAX APPORTIONMENT FORMULA BY REQUIRING THAT SALES BE INCLUDED IN THE NUMERATOR OF THE SALES FACTOR IF THE PROPERTY IS SHIPPED FROM THIS STATE AND THE TAXPAYER IS NOT TAXABLE IN THE STATE WHERE THE PROPERTY IS DELIVERED, EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY CONFORM THE EXEMPTION FOR FINANCIAL INSTITUTIONS FOR INTEREST EXPENSE THAT IS ALLOCABLE TO TAX-EXEMPT INTEREST INCOME TO THE GENERAL FEDERAL TREATMENT OF THIS EXPENSE EFFECTIVE JANUARY 1, 2010; TO PERMANENTLY INCREASE THE STATE GENERAL SALES AND USE TAX RATE BY ONE-QUARTER PERCENTAGE POINT EFFECTIVE AUGUST 1, 2009; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES AND USE TAX ON SERVICE CONTRACTS AND ON REPAIR, MAINTENANCE, AND INSTALLATION SERVICES FOR TANGIBLE PERSONAL PROPERTY EFFECTIVE OCTOBER 1, 2009; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES AND USE TAX ON LOCAL AND INTERSTATE COURIER SERVICES EFFECTIVE OCTOBER 1, 2009; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES AND USE TAX ON SALES OF DIGITAL PRODUCTS EFFECTIVE OCTOBER 1, 2009; TO PERMANENTLY REQUIRE A REMOTE SELLER TO COLLECT SALES TAX WHEN THE SELLER ENTERS INTO AN AGREEMENT WITH ONE OR MORE STATE RESIDENTS PROVIDING FOR A COMMISSION WHEN THE RESIDENT REFERS CUSTOMERS TO THE SELLER AND THE SELLER HAS GROSS RECEIPTS OF AT LEAST TEN THOUSAND DOLLARS ANNUALLY FROM SALES TO ALL CUSTOMERS REFERRED TO THE SELLER BY ALL SUCH RESIDENTS, EFFECTIVE WHEN IT BECOMES LAW; TO PERMANENTLY IMPOSE THE STATE AND LOCAL SALES TAX ON MOVIES AND OTHER AMUSEMENTS IN LIEU OF THE PRIVILEGE TAXES CURRENTLY IMPOSED



CA

NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT
Senate Bill 202

S202-CRLBxf-140 [v.3]

Page 2 of 8

ON THESE ACTIVITIES EFFECTIVE OCTOBER 1, 2009; AND TO PERMANENTLY INCREASE THE EXCISE TAX RATE ON SPIRITUOUS LIQUOR BY ONE AND ONE-HALF PERCENTAGE POINTS EFFECTIVE AUGUST 1, 2009, House Committee Substitute #2 Favorable 6/10/09, Sixth Edition Engrossed 6/13/09, submit the following report:

The Senate concurs in the House Committee Substitute #2 Favorable 6/10/09, Sixth Edition Engrossed 6/13/09, with an amendment:

Delete the entire House Committee Substitute #2 Favorable 6/10/09, Sixth Edition Engrossed 6/13/09, and substitute the attached Proposed Conference Committee Substitute S202 CCS 3538 MAX F-3

The conferees recommend that the Senate and the House of Representatives adopt this report.

Date Conferees approved report: August 3, 2009.

Conferees for the Senate

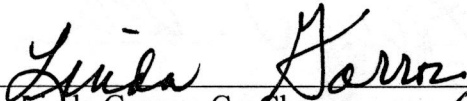
Conferees for the
House of Representatives

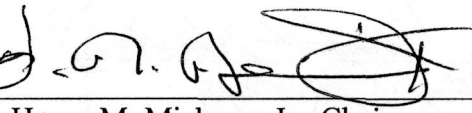
NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT

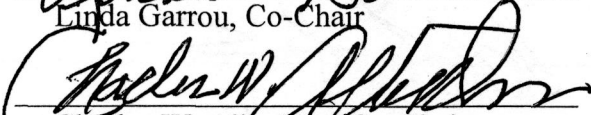
Senate Bill 202

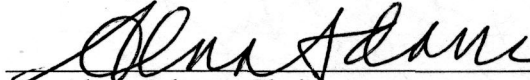
S202-CRLBxf-140 [v.3]

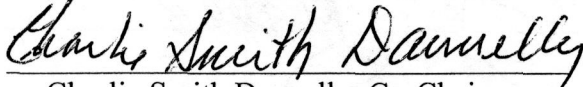
Page 3 of 8

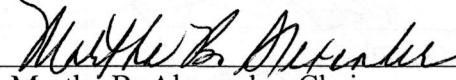

Linda Garrou, Co-Chair

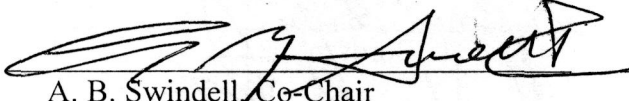

Henry M. Michaux, Jr., Chair


Charles W. Albertson, Co-Chair


Alma Adams, Chair



Charlie Smith Dannelly, Co-Chair


Martha B. Alexander, Chair

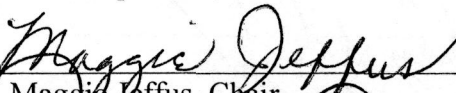

A. B. Swindell, Co-Chair

James W. Crawford, Jr., Chair

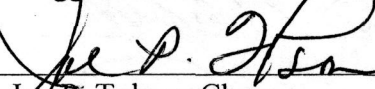
Bob Atwater


R. Phillip Haire, Chair

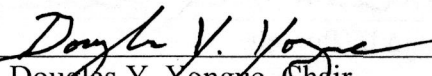
Doug Berger


Maggie Jeffus, Chair

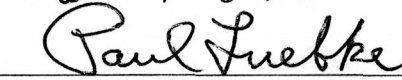
Stan Bingham


Joe P. Tolson, Chair

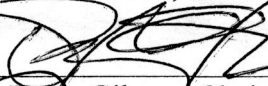
Dan Blue


Douglas Y. Yongde, Chair

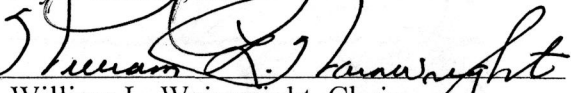
Julia Boseman


Paul Luebke, Chair

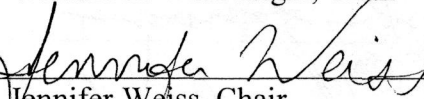
Daniel G. Clodfelter


Pryor Gibson, Chair

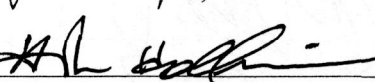
Don Davis


William L. Wainwright, Chair

Katie G. Dorsett


Jennifer Weiss, Chair

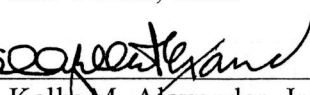
Tony Forrest


Hugh Holliman, Chair

Steve Goss

Bill Owens, Chair

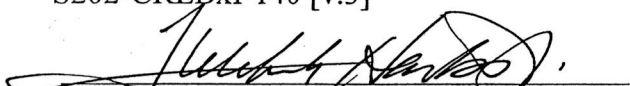
Malcolm Graham


Kelly M. Alexander, Jr.

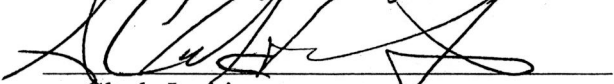
NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT
Senate Bill 202

S202-CRLBxf-140 [v.3]

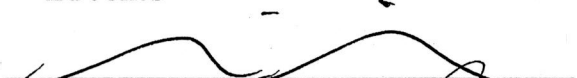
Page 4 of 8


Fletcher L. Hartsell, Jr.



David W. Hoyle

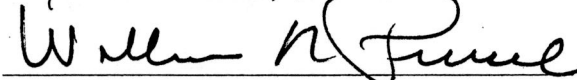

Clark Jenkins



Ed Jones


Eleanor Kinnaird


Floyd B. McKissick, Jr.



Martin L. Nesbitt, Jr.



William R. Purcell



Joe Sam Queen

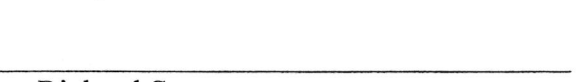

Tony Rand


Larry Shaw



John Snow


R. C. Soles, Jr.


Josh Stein


Richard Stevens

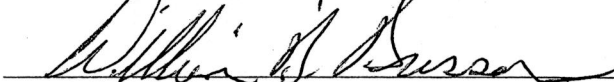

Lucy T. Allen

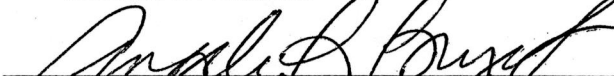

Jeff Barnhart


Larry M. Bell

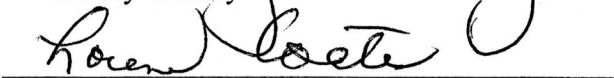

Alice L. Bordsen


R. Van Braxton


William D. Brisson

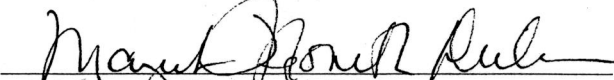

Angela R. Bryant


Becky Carney



Lorene Coates

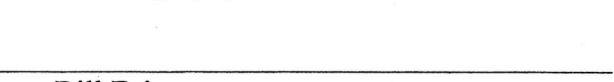

Nelson Cole


Tricia Ann Cotham


Margaret Highsmith Dickson


Beverly M. Earle


Bob England, M.D.

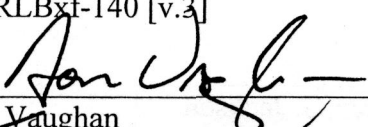

Bill Faison

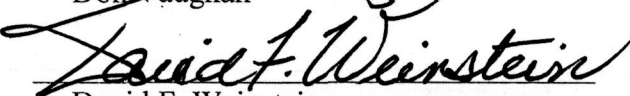
NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT

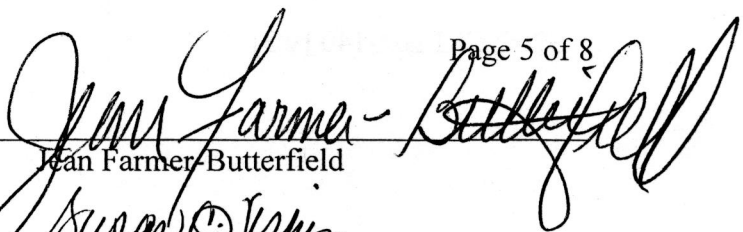
Senate Bill 202

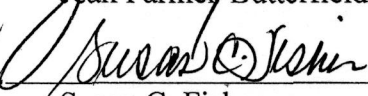
S202-CRLBxf-140 [v.3]

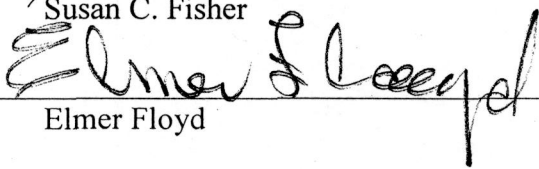
Page 5 of 8


Don Vaughan


David F. Weinstein


Jean Farmer-Butterfield

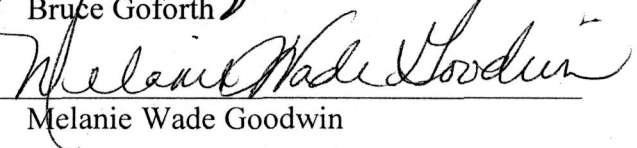

Susan C. Fisher


Elmer Floyd

Phillip Frye

Rick Glazier


Bruce Goforth



Melanie Wade Goodwin

W. Robert Grady

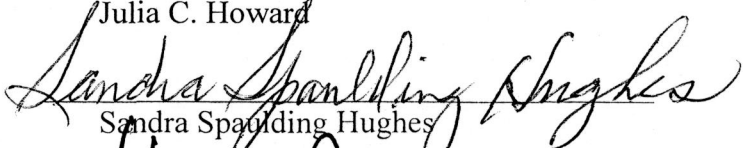

Larry D. Hall

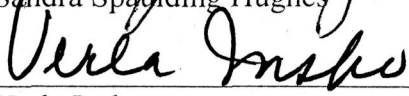
Ty Harrell

Pricey Harrison


Dewey L. Hill

Julia C. Howard


Sandra Spaulding Hughes


Verla Insko

NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT

Senate Bill 202

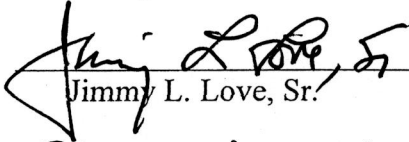
S202-CRLBxf-140 [v.3]

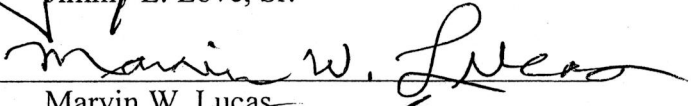
Page 6 of 8

Darren G. Jackson

Earl Jones

Carolyn H. Justice


Jimmy L. Love, Sr.

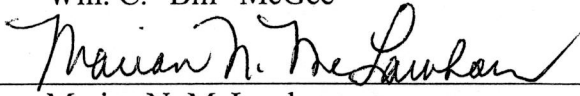

Marvin W. Lucas

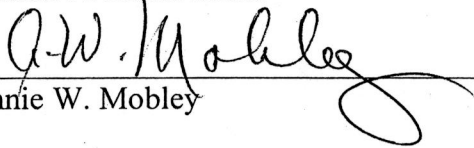

Nick Mackey


Grier Martin

Daniel F. McComas

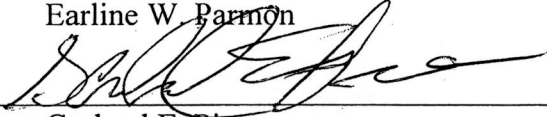
Wm. C. "Bill" McGee

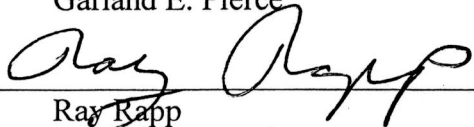

Marian N. McLawhorn


Annie W. Mobley

Tim Moore

Earline W. Parmon


Garland E. Pierce


Ray Rapp

NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT

Senate Bill 202

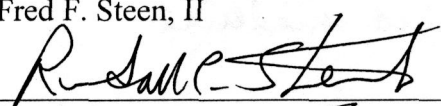
S202-CRLBxf-140 [v.3]

Page 7 of 8

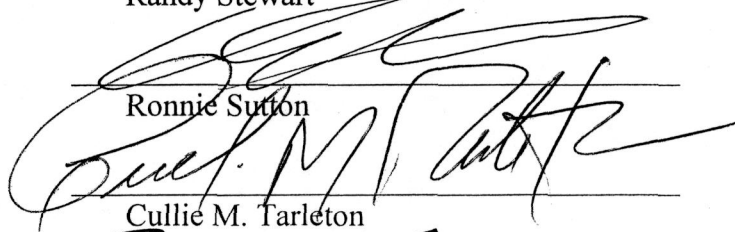
Deborah K. Ross

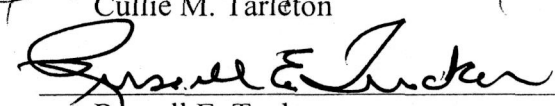
Timothy L. Spear


Fred F. Steen, II



Randy Stewart

Ronnie Sutton

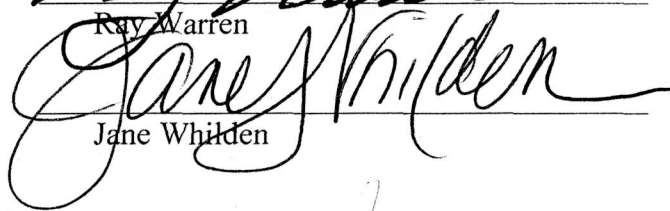

Cullie M. Tarleton


Russell E. Tucker

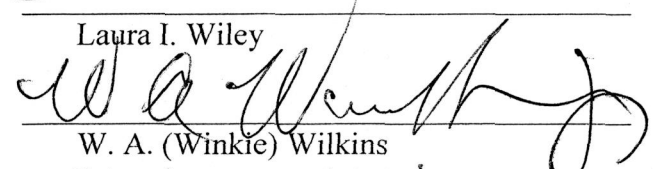

Alice Graham Underhill


Edith D. Warren


Ray Warren


Jane Whilden

Laura I. Wiley


W. A. (Winkie) Wilkins

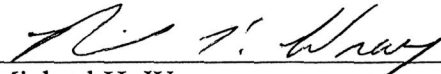

Arthur Williams

Larry Womble

NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT
Senate Bill 202

S202-CRLBxf-140 [v.3]

Page 8 of 8



Michael H. Wray

House

Submitted 8/3/09 placed on calendar 8/4/09
ADOPTED _____ (/) Message Received _____
ADOPTED _____ (/) Ordered Enrolled _____

Conf. Rep. Ruled material

mt