

ADOPTED



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 628

AMENDMENT NO. A1
(to be filled in by
Principal Clerk)

S628-ASV-33 [v.4]

Page 1 of 4

Amends Title [NO]
Fourth Edition

Date _____, 2017

Representative Saine

1 moves to amend the bill on page 2, line 8, through page 3, line 7, by rewriting the lines to read:

2 "SECTION 1.3.(a) G.S. 105-122 reads as rewritten:

3 "**§ 105-122. Franchise or privilege tax on domestic and foreign corporations.**

4 (a) Tax Imposed. – An annual franchise or privilege tax is imposed on a corporation
5 doing business in this State. State for the privilege of doing business in this State and for the
6 continuance of articles of incorporation or domestication of each corporation in this State. The
7 tax is determined on the basis of the books and records of the corporation as of the close of its
8 income year. A corporation subject to the tax must file a return under affirmation with the
9 Secretary at the place and in the manner prescribed by the Secretary. The return must be signed
10 by the president, vice-president, treasurer, or chief financial officer of the corporation. The
11 return is due on or before the fifteenth day of the fourth month following the end of the
12 corporation's income year.

13 ...

14 (d) ~~Tax Base and Tax Rate.~~ After determining the Base. – A corporation's tax base is
15 the greatest of the following:

16 (1) The proportion of its net worth as set out in subsection (c1) of this section,
17 which amount shall not be less than fifty five percent (55%) section.

18 (2) Fifty-five percent (55%) of the corporation's appraised value as determined
19 for ad valorem taxation of all the real and tangible personal property in this
20 State of each corporation nor less than its State. For purposes of this
21 subdivision, the appraised value of tangible property, including real estate, is
22 the ad valorem valuation for the calendar year next preceding the due date of
23 the franchise tax return.

24 (3) The corporation's total actual investment in tangible property in this State,
25 every corporation taxed under this section shall annually pay to the Secretary
26 of Revenue, at the time the return is due, a franchise or privilege tax at the
27 rate of one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of
28 the total amount of net worth as provided in this section. The tax imposed in
29 this section shall not be less than two hundred dollars (\$200.00) and is for
30 the privilege of carrying on, doing business, and/or the continuance of
31 articles of incorporation or domestication of each corporation in this State.
32 Appraised value of tangible property including real estate is the ad valorem



* S 6 2 8 - A S V - 3 3 - V - 4 *

NORTH CAROLINA GENERAL ASSEMBLY

AMENDMENT

Senate Bill 628

ADOPTED

AMENDMENT NO. A1

(to be filled in by
Principal Clerk)

S628-ASV-33 [v.4]

Page 2 of 4

1 ~~valuation for the calendar year next preceding the due date of the franchise~~
2 ~~tax return. The term "total State. For purposes of this subdivision, the total~~
3 ~~actual investment in tangible property" as used in this section means~~
4 ~~property in this State is the total original purchase price or consideration to~~
5 ~~the reporting taxpayer of its tangible properties, including real estate, in this~~
6 ~~State plus additions and improvements thereto less reserve for depreciation~~
7 ~~as permitted for income tax purposes.~~

8 ...
9 (d2) Tax Rate. – The tax rate is one dollar and fifty cents (\$1.50) per one thousand
10 dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section.
11 The tax imposed in this section shall not be less than two hundred dollars (\$200.00).

12"
13 **SECTION 1.3.(b)** G.S. 105-122(d), as amended by subsection (a) of this section,
14 reads as rewritten:

15 "(d) Tax Base. – A corporation's tax base is the greatest of the following:

- 16 ...
17 (3) The corporation's total actual investment in tangible property in this State.
18 For purposes of this subdivision, the total actual investment in tangible
19 property in this State is the total original purchase price or consideration to
20 the reporting taxpayer of its tangible properties, including real estate, in this
21 State plus additions and improvements thereto less (i) reserve for
22 depreciation as permitted for income tax ~~purposes~~ purposes and (ii) any
23 indebtedness specifically incurred and existing solely for and as the result of
24 the purchase of any real estate and any permanent improvements made on
25 the real estate."

26 **SECTION 1.3.(c)** If Senate Bill 257, 2017 Regular Session, becomes law, then
27 Section 38.6(a) of that act is rewritten to read:

28 **"SECTION 38.6.(a)** G.S. 105-122(d2) reads as rewritten:

29 '(d2) Tax Rate. – ~~The~~ For a C corporation, as defined in G.S. 105-130.2, tax rate is one
30 dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of the corporation's tax base as
31 determined under subsection (d) of this section. For an S Corporation, as defined in
32 G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars
33 (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section
34 and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base that
35 exceeds one million dollars (\$1,000,000). ~~The~~ In no event may the tax imposed in by this
36 section shall not be less than two hundred dollars (\$200.00)."

37 **SECTION 1.3.(d)** Subsection (b) of this section becomes effective for taxable
38 years beginning on or after January 1, 2020, and is applicable to the calculation of franchise tax
39 reported on the 2019 and later corporate income tax returns. The remainder of this section is
40 effective when it becomes law.";

41
42 and on page 9, line 38, by adding the following language after the period to read:

NORTH CAROLINA GENERAL ASSEMBLY

AMENDMENT

Senate Bill 628

ADOPTED

AMENDMENT NO. A1

(to be filled in by
Principal Clerk)

S628-ASV-33 [v.4]

Page 3 of 4

1 "The maximum tax liability attributed to any one cell or series of the insurance company is
2 limited to one hundred thousand dollars (\$100,000); however, a five hundred thousand dollar
3 (\$500,000) maximum tax liability applies to any one cell or series that acts as a direct-writing,
4 risk pooling mechanism for other cells, series, or captive insurers.";

5
6 and on page 12, lines 3-10, by rewriting the lines to read:

7 "SECTION 1.14. The Department of Revenue shall study the feasibility and cost
8 of allowing the pass-through of a federal extension of time for filing a federal income tax return
9 to serve as an application for a State extension of time for filing a corporate franchise and other
10 income tax returns. The Department is directed to work with the Internal Revenue Service and
11 consult with or identify other states that use the federal extension to serve as the application for
12 a state extension. On or before January 1, 2018, the Department shall report its findings, along
13 with any legislative recommendations, to the Revenue Laws Study Committee regarding
14 options to eliminate the mandatory State extension of time filing for corporate franchise and
15 other income tax returns beginning January 1, 2019 for the tax year 2018.";

16
17 and on page 28, line 2, by rewriting the line to read:

18 "(6) An event sponsored by a farmer that takes place on farmland and is related
19 to farming activities, such as a corn maze or a tutorial on raising crops or
20 animals. For purposes";

21
22 and on page 40, lines 19-23, by rewriting the lines to read:

23 SECTION 4.7. G.S. 105-259(b) reads as rewritten:

24 "...

25 (45) To furnish tax information to the State Chief Information Officer pursuant to
26 G.S. ~~143B-1381~~, 143B-1385. The use and reporting of individual data may
27 be restricted to only those activities specifically allowed by law when
28 potential fraud or other illegal activity is indicated.

29 ...

30 (53) To provide to the Office of Child Support and Enforcement of the
31 Department of Health and Human Services State tax information that relates
32 to noncustodial parent location information as required under 45 C.F.R. §
33 303.3 and Title IV-D of the Social Security Act.";

34
35 And on page 40, lines 24 and 25, by rewriting the lines to read:

36 "SECTION 4.8. If Senate Bill 257, 2017 Regular Session, becomes law, then
37 Section 37.4(b) of that act is rewritten to read:".

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 628

ADOPTED

AMENDMENT NO. A1
(to be filled in by
Principal Clerk)

S628-ASV-33 [v.4]

Page 4 of 4

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

**The official copy of this document, with signatures
and vote information, is available in the
House Principal Clerk's Office**