Tabled

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. A22
(to be filled in by
Principal Clerk)

H259-AMW-18 [v.1]

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Amends Title [NO] Date ___________________________ 2023
Fourth Edition

Senator Mayfield

moves to amend the bill on page 388, lines 22-23, by inserting the following between the lines:

"SMALL BUSINESS CAPITAL IMPROVEMENT ACCOUNT

SECTION 42.20.(a) G.S. 105-153.5 reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

…

(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(7a) The amount deposited during the taxable year by a taxpayer that is a small business to a capital improvement account. The deduction allowed by this subdivision is limited to deposit amounts of five percent (5%) of the taxpayer's adjusted gross income up to one million dollars ($1,000,000), two percent (2%) of the taxpayer's adjusted gross income above one million dollars ($1,000,000) up to two million dollars ($2,000,000), and one percent (1%) of the taxpayer's adjusted gross income above two million dollars ($2,000,000) up to three million dollars ($3,000,000). For purposes of this subdivision, a "small business" is a business whose cumulative gross receipts from business activity for the taxable year do not exceed ten million dollars ($10,000,000) and a "capital improvement account" is an account at a federally insured banking institution into which are deposited amounts to be used solely for an improvement that adds value to real property owned and used exclusively by the small business, prolongs the useful life of such property at least 10 years, or adapts such property to new uses for the small business.

…

(c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:

…

(7a) The amount deducted in a prior taxable year pursuant to subdivision (7a) of subsection (b) of this section to the extent this amount was withdrawn and not used to pay for improvements listed in that subdivision.
...”

SECTION 42.20. (b) Section 42.20(a) of this act is effective for taxable years beginning on or after January 1, 2023.

SMALL BUSINESS INVESTMENT GRANT

SECTION 42.21. (a) Appropriation. – There is appropriated from the General Fund to the Department of Commerce the sum of two hundred fifty million dollars ($250,000,000) to be used as provided in this section. Funds appropriated in this section do not revert but remain available to the Department for these purposes.

SECTION 42.21. (b) Purpose. – The purpose of this section is to help small businesses in North Carolina that experienced economic disruption as a result of the COVID-19 pandemic by providing grants awarded by the Department, in consultation with the North Carolina Department of Revenue, to offset the economic harm suffered and to promote economic development and maintain economic stability by helping to preserve and sustain a vital element of the State’s economy.

SECTION 42.21. (c) Small Business Recovery Program. – There is created the COVID-19 Small Business Recovery Program to be administered by the Department of Commerce. The Department may provide a one-time grant to each qualifying business. For purposes of this section, a qualifying business is an entity (i) subject to income tax under Article 4 of Chapter 105 of the General Statutes, (ii) with annual receipts, when combined with the annual receipts of all related persons, for the 2019 tax year of eight million dollars ($8,000,000) or less, and (iii) a reduction of at least twenty-five percent (25%) in sales tax collections resulting from the COVID-19 pandemic for the 2020 tax year when compared to collections for the 2019 tax year.

SECTION 42.21. (d) Grant Program Application; Limitations. – A qualifying business must apply to the Department for a grant during the time frame and on a form prescribed by the Department and must include any supporting documentation required by the Department. The Department may accept applications until the funds appropriated in this section have been fully awarded. The grant amount to a qualifying business may not exceed the lesser of (i) two hundred fifty thousand dollars ($250,000) or (ii) the amount of reduction in sales tax collections of the qualifying business resulting from the COVID-19 pandemic for the 2020 tax year when compared to collections for the 2019 tax year. The total of all grants awarded under this Program may not exceed two hundred fifty million dollars ($250,000,000). The Department shall verify that the business is a qualifying business with the Department of Revenue. Notwithstanding G.S. 105-259, the Department of Revenue may disclose tax information to the Department of Commerce to verify eligibility for the program. The Department’s grant determinations based on applications filed are final.

SECTION 42.21. (e) Clawback. – A grant under the program authorized in this section shall be conditioned on a recipient business maintaining operations for a minimum of six months following receipt of the grant, and the Department shall clawback a proportionate amount of the grant for any portion of the six months the recipient business does not maintain business operations.
SECTION 42.21.f  G.S. 105-153.5(b) is amended by adding a new subdivision to read:

"(15a) The amount granted to a taxpayer during the taxable year under the Small Business Recovery Program."

SECTION 42.21.g  Subsection (f) of this section is effective for taxable years beginning on or after January 1, 2023, and expires for taxable years beginning on or after January 1, 2024. The remainder of this section is effective when it becomes law.

BUSINESS INCOME TAX DEDUCTION

SECTION 42.22.a  G.S. 105-153.5(b) is amended by adding a new subdivision to read:

"(17) An amount not to exceed seventy-five thousand dollars ($75,000) of net business income the taxpayer receives during the taxable year. In the case of a married couple filing a joint return where both spouses receive or incur net business income, the maximum dollar amounts apply separately to each spouse's net business income, not to exceed a total of one hundred fifty thousand dollars ($150,000). For purposes of this subdivision, the term "business income" does not include income that is considered passive income under the Code."

SECTION 42.22.b  Subsection (a) of this section is effective for taxable years beginning on or after January 1, 2023; and

on page 249, lines 16-17, by inserting the following between the lines:

"FUNDING FOR FILM GRANTS

SECTION 11.15.  There is appropriated from the General Fund to the Department of Commerce the sum of thirty-four million dollars ($34,000,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium to be allocated to the Film and Entertainment Grant Fund created pursuant to G.S. 143B-437.02A and used for purposes consistent with that statute.

NATIONAL INSTITUTE OF MINORITY ECONOMIC DEVELOPMENT

SECTION 11.16  There is appropriate from the General Fund to the Department of Commerce the sum of five million dollars ($5,000,000) in recurring funds for each year of the 2023-2025 fiscal biennium, and two million dollars ($2,000,000) in nonrecurring funds for the 2023-2024 fiscal year to be allocated to the National Institute for Minority Economic Development (the "Institute"), a nonprofit corporation, to be used for purposes consistent with the Institute's mission; and

on page 246, lines 40-41, by deleting "ten million dollars ($10,000,000)" and substituting the following "two hundred one million dollars ($201,000,000)"; and

on page 248, lines 4-5, by inserting the following between the lines:
"SECTION 11.11.(c) Notwithstanding any other provision of law or of the Committee Report referenced in Section 43.2 of this act to the contrary, the funds appropriated by this act to Megasites Readiness Program in item 66 on page D39 of the Senate Committee Report dated May 16, 2023, shall be increased by one hundred ninety-one million dollars ($191,000,000) in nonrecurring funds for the 2023-2024 fiscal year, and the funds appropriated to the Opportunity Scholarships Grant Fund Reserve in item 106 on page B41 of the Senate Committee Report dated May 16, 2023, shall be reduced by one hundred ninety-one million dollars ($191,000,000) in nonrecurring funds for the 2023-2024 fiscal year."; and

on page 249, lines 16-17, by inserting the following language between those lines:

"CANTON PAPER MILL RESPONSE

SECTION 11.17 The sum of five million dollars ($5,000,000) in nonrecurring funds for the 2023-2024 fiscal year is appropriated from the General Fund to the Department of Commerce. The Department shall utilize the fund for needs related to the closure of the Pactiv Evergreen Paper Mill located in Canton, North Carolina, including employee workforce development and community revitalization needs.";

and by adjusting the appropriate totals accordingly.

SIGNED ________________________________
Amendment Sponsor

SIGNED ________________________________
Committee Chair if Senate Committee Amendment

ADOPTED ____________ FAILED _______________ TABLED ____________