

REVENUE LAWS STUDY COMMITTEE AGENDA

Rep. Julia Howard

**Rep. Danny
McComas**

Sen. Bob Rucho

**Wednesday, December 7, 2011
Room 544, Legislative Office Building
9:30 a.m.**

I. Approval of Minutes from the November 2, 2011 Meeting

II. Financing of Capital Projects

Vance Holloman, Local Government Commission

III. Update on ESC Issues

- **ESC Transfer to Commerce, S.L. 2011-145, Sections 14.5 and 14.5C and S.L. 2011-401**

The General Assembly transferred the Employment Security Commission to the Department of Commerce as part of the Current Operations and Capital Improvement Act of 2011 and it also authorized Commerce to contract with someone to obtain recommendations to achieve employment security organizational reforms savings.

Dale Carroll, Deputy Secretary, Department of Commerce

- **Implementation of Reform UI Tax Structure/Expedite Analysis, S.L. 2011-10**

The General Assembly authorized the Department of Commerce to contract with a consultant to obtain recommendations on how to best achieve Unemployment Trust Fund solvency. Commerce submitted a RFP in October; the period for submitting a proposal to Commerce closed in November.

Dale Carroll, Deputy Secretary, Department of Commerce

**Next Meeting Date: Wednesday, January 4, 2012
in Room 544, LOB, at 9:30 a.m.**

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IV. Department of Revenue Directive on Forced Combinations

The General Assembly repealed the Secretary's current statutory authority to require a corporation to file a combined return and replaced it with a new statute that becomes effective January 1, 2012. Under the Secretary's existing authority, a corporation may be required to file a combined return if the Secretary determines its single entity return does not reflect its true earnings in this State. Under the new authority, a corporation may be required to file a combined return if the Secretary determines the corporation's intercompany transactions lack economic substance or are not at fair market value.

The Department of Revenue released a technical bulletin on November 16, 2011. A copy of the directive is included with the meeting materials. The bulletin gives the Department's interpretation of the law change made in S.L. 2011-390.

Canaan Huie, General Counsel, Department of Revenue

V. General Fund Revenue Outlook

Barry Boardman, Fiscal Research Division

VI. Adjournment

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