

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

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**HOUSE BILL 1230**

Short Title: Study & Sunset Corporate Tax Breaks.

(Public)

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Sponsors: Representatives Luebke; Adams, Bonner, Boyd-McIntyre, Braswell, Cunningham, Earle, Easterling, Fitch, Goodwin, Hardaway, Hensley, H. Hunter, Insko, Jarrell, Kinney, Michaux, Miller, Mosley, Saunders, Sutton, Womble, Wright, and Yongue.

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Referred to: Rules, Calendar and Operations of the House.

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May 19, 1997

**A BILL TO BE ENTITLED**

**AN ACT TO STUDY AND SUNSET CERTAIN CORPORATE AND OTHER TAX BREAKS.**

The General Assembly of North Carolina enacts:

**STUDY CERTAIN TAX PREFERENCES**

Section 1. The Secretary of Revenue shall report to the Legislative Research Commission by October 1, 1998, the following information, to the extent available, regarding the tax preferences repealed by this act:

- (1) Annual revenue impact of the tax preference for the most recent five-year period.
- (2) The number of taxpayers benefitting from the preference each year for the most recent five-year period.
- (3) The year the preference was enacted and purpose of preference.
- (4) Cost savings to the Department of Revenue from repealing the preference.
- (5) Any other information the Secretary of Revenue considers relevant.

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2 COOKIE FACTORY TAX BREAK

3 Section 2. G.S. 105-130.4(i) reads as rewritten:

4 "(i) All business income of corporations other than public utilities and excluded  
5 corporations shall be apportioned to this State by multiplying the income by a fraction,  
6 the numerator of which is the property factor plus the payroll factor plus ~~twice~~ the sales  
7 factor, and the denominator of which is three. ~~four. Provided, that where the sales factor does~~  
8 ~~not exist, the denominator of the fraction shall be the number of existing factors and where the~~  
9 ~~sales factor exists but the payroll factor or the property factor does not exist, the denominator of~~  
10 ~~the fraction shall be the number of existing factors plus one. If one or more of these factors~~  
11 does not exist, the denominator of the fraction shall be the number of existing factors."

12  
13 BANK TAX LOOPHOLE

14 Section 3. G.S. 105-130.5(a) is amended by adding a new subdivision to read:

15 "(2a) That portion of a financial institution's interest expense that is allocable  
16 to interest income exempt from taxation under this Division. The  
17 allocable portion of the interest expense is the portion for which  
18 deduction would be disallowed pursuant to section 265(b) of the Code if  
19 the interest were earned on a tax-exempt obligation as defined in section  
20 265(b) of the Code."

21  
22 HOG FACTORY TAX BREAK

23 Section 4. G.S. 105-164.13(4c) reads as rewritten:

24 "(4c) Any of the following:

- 25 a. Commercially manufactured facilities to be used for commercial  
26 purposes for housing, raising, or feeding animals other than  
27 swine or for housing equipment necessary for these commercial  
28 activities.
- 29 b. Building materials, supplies, fixtures, and equipment that become  
30 a part of and are used in the construction, repair, or improvement  
31 of an enclosure or a structure specifically designed, constructed,  
32 and used for housing, raising, or feeding animals other than  
33 swine or for housing equipment necessary for one of these  
34 commercial activities.
- 35 c. Commercially manufactured equipment, and parts and  
36 accessories for the equipment, used in a facility that is exempt  
37 from tax under this subdivision or in an enclosure or a structure  
38 whose building materials are exempt from tax under this  
39 subdivision."

40  
41 JAGUAR SUBSIDY

42 Section 5. G.S. 105-187.3(a) reads as rewritten:

1       "(a) Amount. – The rate of the use tax imposed by this Article is three percent (3%)  
2 of the retail value of a motor vehicle for which a certificate of title is issued. The tax is  
3 payable as provided in G.S. 105-187.4. The tax may not be more than one thousand  
4 dollars (\$1,000) for each certificate of title issued for a Class A or Class B motor vehicle  
5 that is a commercial motor vehicle, as defined in G.S. 20-4.01. ~~The tax may not be more~~  
6 ~~than one thousand five hundred dollars (\$1,500) for each certificate of title issued for any other~~  
7 ~~motor vehicle."~~

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9 **EFFECTIVE DATES**

10           Section 6. Sections 2 and 3 of this act become effective for taxable years  
11 beginning on or after January 1, 1999. The remainder of this act becomes effective  
12 January 1, 1999, and applies to certificates of title issued and sales made on or after that  
13 date.