

June 13, 2002

H 1645. CLOSE CORPORATE LOOPHOLES TO SAVE EDUCATION. *TO CONFORM THE DEFINITION OF BUSINESS INCOME TO FEDERAL STANDARDS; TO PROVIDE THAT IN APPORTIONING CORPORATE INCOME TO THIS STATE FOR TAX PURPOSES, SALES DELIVERED TO ANOTHER STATE WHERE THEY ARE NOT TAXABLE ARE TREATED AS SALES IN THIS STATE; AND TO INCREASE THE TAX RATE AND REMOVE THE CAP ON SALES OF CERTAIN MACHINERY AND EQUIPMENT.* Rewrites GS 105-130.4 to redefine "business income" as "all income that is apportionable under the United States Constitution," and to provide that sales of tangible personal property are in the state if (1) the property is received in this state by a purchaser other than the U.S. government, or (2) the property is shipped from a place in this state and the purchaser is the U.S. government or the taxpayer is not taxable in the state of the purchaser. Rewrites GS 105-164.4(a)(1d), for sales made on or after July 1, 2002, to increase from 1% to 2% the sales tax on articles (machinery and equipment) listed in GS 105-164.4A and to increase the maximum tax from \$80 to \$240 per article. Remainder of act effective for taxable years beginning on or after Jan. 1, 2002.

Intro. by Luebke, Weiss, Insko.

Ref. to Finance	GS 105
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