

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

**H**

**D**

**HOUSE DRH70449-LY-242 (4/20)**

Short Title: Study Sales and Income Taxes.

(Public)

---

Sponsors: Representative LaRoque.

---

Referred to:

---

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE REVENUE LAWS STUDY COMMITTEE TO STUDY  
THE STATE TAX SYSTEM WITH THE GOALS OF SIMPLIFYING THE  
SYSTEM, BROADENING THE TAX BASE, AND LOWERING TAX RATES.

The General Assembly of North Carolina enacts:

**SECTION 1.** The Revenue Laws Study Committee shall study  
comprehensive reform and simplification of the existing State tax structure. The  
elements of the plan to be studied shall include the following:

- (1) Repealing or greatly reducing the corporate and personal income taxes.
- (2) Broadening the sales and use tax base to include services.
- (3) A review of all sales and use tax exemptions to determine the reasons  
for the exemptions and whether the exemptions still serve the purpose  
for which they were created.
- (4) The impact on the State's economy and differing groups of residents of  
reducing or eliminating the income tax and replacing it with an  
expanded sales and use tax.
- (5) The extent to which the sales and use tax base and rate would need to  
be modified in order to allow for a complete elimination of the income  
tax in a revenue-neutral manner.
- (6) Any other issues or elements the Study Committee considers  
appropriate.

**SECTION 2.** The Revenue Laws Study Committee may report its findings,  
together with any recommended legislation, in an interim report to the 2006 Regular  
Session of the 2005 General Assembly and shall make a final report, together with any  
recommended legislation, to the 2007 General Assembly.

1           **SECTION 3.** There is appropriated from the General Fund to the General  
2 Assembly the sum of fifty thousand dollars (\$50,000) for the 2005-2006 fiscal year for  
3 the purpose of funding the operations of the Revenue Laws Study Committee.

4           **SECTION 4.** This act becomes effective July 1, 2005.