

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 1649

Short Title: Study Sales and Income Taxes.

(Public)

Sponsors: Representative LaRoque.

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

May 12, 2005

A BILL TO BE ENTITLED

1 AN ACT TO REQUIRE THE REVENUE LAWS STUDY COMMITTEE TO STUDY
2 THE STATE TAX SYSTEM WITH THE GOALS OF SIMPLIFYING THE
3 SYSTEM, BROADENING THE TAX BASE, AND LOWERING TAX RATES.
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5 The General Assembly of North Carolina enacts:

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

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

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

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

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