GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2007

H 1

HOUSE BILL 1984

Short Title:	Alternative Corporate Income Tax Return.	(Public)
Sponsors:	Representatives Wright, McComas, Justus, Hall (Primary Sponsors); and J. Harrell.	
Referred to:	Finance.	

May 9, 2007

A BILL TO BE ENTITLED

AN ACT TO ALLOW CERTAIN CORPORATIONS TO FILE AN ALTERNATIVE INCOME TAX REPORT.

The General Assembly of North Carolina enacts:

SECTION 1. Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"<u>**§ 105-130.7B. Alternative return option.**</u>

<u>(a) Petition. – A taxpayer may submit a written petition to the Secretary to enter into an agreement allowing the taxpayer to file an alternative return of the entire operations of the parent corporation and of its subsidiaries and affiliates, including its own operations and income, if each of the following conditions are met:</u>

<u>(1) The taxpayer is planning to build a new facility or expand an existing facility in this State.</u>

<u>(2) The taxpayer submits to the Secretary a written proposal clearly stating the reasons why the taxpayer's activities under subdivision (a)(1) of this section justify the use of an alternative return.</u>

<u>(3) Following a review of the taxpayer's written proposal, the Secretary of Commerce has made a written determination of at least two of the following conditions:</u>

<u>a. The taxpayer's investment of private funds in real property or business property at the facility within five years after the commencement of construction of the facility will be, for Tier 1 counties, at least ten million dollars ($10,000,000); for Tier 2 counties, at least thirty-five million dollars ($35,000,000); and for Tier 3, at least seventy-five million dollars ($75,000,000).</u>

<u>b. The proposal will create, for Tier 1 counties, a minimum of 50 new full-time jobs; for Tier 2 counties, a minimum of 150 new</u>

c. The wages for the jobs created by the proposal will average, for Tier 1 counties, a minimum of twenty percent (20%) above the county wage average; for Tier 2 counties, a minimum of ten percent (10%) above the county wage average; and for Tier 3 counties, a minimum of five percent (5%) above the county wage average.

(b) Limitation. – If the Secretary enters an agreement with a taxpayer under subsection (a) of this section, the term of the agreement may not exceed 10 years.

(c) Disclosure. – Any proposal or agreement under this section is a public record that the Secretary shall maintain and keep open to the public for inspection. Tax information of a taxpayer subject to disclosure under this subsection that would otherwise be privileged or protected from disclosure shall be deleted or redacted from the records kept open for public inspection.

(d) Transferred Jobs. – Jobs transferred from one area in the State to another area in the State are not considered new jobs for purposes of this section. Jobs that were located in this State and that are transferred to the taxpayer from a related member of the taxpayer are not considered new jobs for purposes of this section. If, in one of the years in which the agreement governs the calculation of the taxpayer's income, the job with respect to which the agreement was entered is moved to an area in a higher-numbered development tier, the agreement continues only if the proposal would otherwise qualify as if it were entered into in the area to which the job was moved.

(e) Transferred Business Property. – If, in one of the years in which the agreement governs the calculation of the taxpayer's income, the business property with respect to which the agreement was entered is moved to a county in a higher-numbered development tier, the agreement continues only if the proposal would otherwise qualify as if it were entered into in the area to which the property was moved.

(f) Unused Real Property. – If, in one of the years in which the agreement governs the calculation of the taxpayer's income, the property with respect to which the agreement was entered is no longer used, the agreement ceases, and the taxpayer may not report income under the agreement.

(g) Unfulfilled Proposal. – If the taxpayer fails to meet the requirements set out in the proposal with respect to job creation, wages, or investment of private funds, the taxpayer shall be liable for the difference between the taxes paid under the agreement and the taxes that would have been liable in the absence of the agreement, together with interest calculated from the date the taxes were due."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2008.