

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 559

Short Title: Small Business Tax Exemption. (Public)

Sponsors: Representatives Holloway; Blackwood, Blust, Cleveland, Frye, Gulley,
and Samuelson.

Referred to: Finance.

March 12, 2007

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE A SMALL BUSINESS INCOME TAX EXEMPTION.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-130.3 reads as rewritten:

5 "**§ 105-130.3. Corporations.**

6 (a) Tax. – A tax is imposed on the State net income of every C Corporation doing
7 business in this State. An S Corporation is not subject to the tax levied in this section.
8 The tax is a percentage of the taxpayer's State net income computed as follows:

Income Years Beginning	Tax
In 1997	7.5%
In 1998	7.25%
In 1999	7%
After 1999	6.9%.

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14 (b) Exemption. – Before computing the tax in subsection (a) of this section, a C
15 Corporation that is not required to apportion income to this State may subtract from
16 State net income fifty thousand dollars (\$50,000). If a C Corporation is required to
17 apportion income to this State, the applicable exemption amount is the product of the
18 corporation's apportionment fraction determined under G.S. 105-130.4(i) multiplied by
19 fifty thousand dollars (\$50,000)."

20 **SECTION 2.** G.S. 115C-546.1(b) reads as rewritten:

21 "(b) Each calendar quarter, the Secretary of Revenue shall remit to the State
22 Treasurer for credit to the Public School Building Capital Fund an amount equal to the
23 applicable fraction or percentage provided in the table below of the net collections
24 received during the previous quarter by the Department of Revenue under
25 G.S. 105-130.3. All funds deposited in the Public School Building Capital Fund shall be
26 invested as provided in G.S. 147-69.2 and G.S. 147-69.3.

Period	Fraction or Percentage
10/1/97 to 9/30/98	One-fifteenth (1/15)

1	10/1/98 to 9/30/99	Two twenty-ninths (2/29)
2	10/1/99 to 9/30/00	One-fourteenth (1/14)
3	<u>10/1/00 to 9/30/06</u> After 9/30/00	Five sixty-ninths (5/69)
4	<u>After 9/30/06</u>	<u>Seven and fifty-four one-hundredths percent</u>
5		<u>(7.54%)."</u>

6 **SECTION 3.** Section 1 of this act is effective for taxable years beginning on
7 or after January 1, 2007. The remainder of this act is effective when it becomes law.