

**GENERAL ASSEMBLY OF NORTH CAROLINA  
EXTRA SESSION 2007**

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**HOUSE BILL 3**

Short Title: Lower Tax Rate for Certain Corporations. (Public)

Sponsors: Representatives Boylan, Brown (Primary Sponsors); Brubaker, Gulley, Stam, and Walend.

Referred to: Finance.

September 11, 2007

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE CORPORATE INCOME TAX RATE TO FIVE PERCENT FOR CORPORATIONS THAT DO NOT REDUCE THEIR WORKFORCE DURING THE TAXABLE YEAR AND THAT DERIVE AT LEAST SIXTY PERCENT OF THEIR NET INCOME FROM DOING BUSINESS IN A TIER ONE COUNTY.

The General Assembly of North Carolina enacts:

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

**"§ 105-130.3. Corporations.**

(a) Income Tax. – A tax is imposed on the State net income of every C Corporation doing business in this State. An S Corporation is not subject to the tax levied in this section.

(b) Amount. – The tax is a percentage of the taxpayer's State net income computed as follows:

<del>Income Years Beginning</del>	<del>Tax</del>
<del>In 1997</del>	<del>7.5%</del>
<del>In 1998</del>	<del>7.25%</del>
<del>In 1999</del>	<del>7%</del>
<del>After 1999</del>	<del>6.9%</del>

(1) If the taxpayer has at least as many full-time employees at the end of the fiscal year as the taxpayer had at the beginning of the fiscal year and if the taxpayer derives at least sixty percent (60%) of its net income from doing business in development tier one counties, as classified pursuant to G.S. 143B-437.08, within the State, the tax is five percent (5%) of the taxpayer's State net income.

(2) If the taxpayer does not meet the requirements of subdivision (1) of this subsection, the tax is six and nine-tenths percent (6.9%) of the taxpayer's State net income.

1       (c)    Transferred Jobs. – Jobs transferred from one area in the State to another area  
2 in the State are not considered new jobs for purposes of this section."

3           **SECTION 2.** This act becomes effective for taxable years beginning on or  
4 after January 1, 2008.