

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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**HOUSE BILL 1231
Committee Substitute Favorable 6/25/01**

Short Title: Study Apportionment Formula.

(Public)

Sponsors:

Referred to:

April 12, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO DIRECT THE REVENUE LAWS STUDY COMMITTEE TO STUDY
3 THE FORMULA USED TO APPORTION THE INCOME OF MULTISTATE
4 CORPORATIONS TO THIS STATE INCLUDING THE ELIMINATION OF THE
5 DOUBLE-WEIGHTED SALES FACTOR.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** The Revenue Laws Study Committee shall study the fiscal
8 impact of amending the formula used to apportion the income of multistate corporations
9 to this State and its comparisons with other states' treatment of multistate corporations.
10 Currently, North Carolina uses a three-factor formula that allocates and apportions
11 income of multistate corporations doing business in North Carolina based on a payroll
12 factor, property factor, and sales factor. Under the formula, sales receive a fifty percent
13 (50%) weighting while payroll and property each receive a twenty-five percent (25%)
14 weighting. The Revenue Laws Study Committee shall study the fiscal impact of
15 amending the formula including amending the double-weighted sales factor formula to a
16 three-factor formula. The Revenue Laws Study Committee may report its findings,
17 together with any recommended legislation, to the 2002 Regular Session of the 2001
18 General Assembly and shall make a final report, together with any recommended
19 legislation, to the 2003 General Assembly.

20 **SECTION 2.** This act is effective when it becomes law.