

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 1445

Short Title: Simplify Taxation of Financial Institutions. (Public)

Sponsors: Representative Luebke.

Referred to: Financial Institutions, if favorable, Finance.

May 10, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO SIMPLIFY THE TAXATION OF FINANCIAL INSTITUTIONS BY
3 REPEALING THE STATE PRIVILEGE LICENSE TAX IMPOSED ON THEIR
4 ASSETS AND BY CONFORMING TO FEDERAL LAW.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-102.3 is repealed.

7 **SECTION 2.** G.S. 105-130.5(a) is amended by adding a new subdivision to

8 read:

9 "(2a) An amount equal to thirty-five percent (35%) of that portion of a
10 financial institution's interest expense that is allocable to interest
11 income exempt from taxation under this Part. The allocable portion of
12 the interest expense is the portion for which deduction would be
13 disallowed pursuant to section 265(b) of the Code if the interest were
14 earned on a tax-exempt obligation as defined in section 265(b) of the
15 Code."

16 **SECTION 3.** Section 1 of this act becomes effective for taxes due on or after
17 July 1, 2002. The remainder of this act is effective for taxable years beginning on or
18 after January 1, 2002.