

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**HOUSE DRH50111-ME-29 (2/11)**

Short Title: Small Business Tax Exemption.

(Public)

Sponsors: Representative Holloway.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE A SMALL BUSINESS INCOME TAX EXEMPTION OF FIFTY  
3 THOUSAND DOLLARS TO C CORPORATIONS; AND TO MINIMIZE THE  
4 MONETARY IMPACT OF THE TAX EXEMPTION ON THE PUBLIC SCHOOL  
5 BUILDING CAPITAL FUND.

6 The General Assembly of North Carolina enacts:

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

8 "**§ 105-130.3. Corporations.**

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

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

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

22 **SECTION 2.** G.S. 115C-546.1 reads as rewritten:

23 "**§ 115C-546.1. Creation of Fund; administration.**

24 (a) There is created the Public School Building Capital Fund. The Fund shall be used to  
25 assist county governments in meeting their public school building capital needs and their  
26 equipment needs under their local school technology plans.

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

<u>Period</u>	<u>Fraction or Percentage</u>
10/1/97 to 9/30/98	One-fifteenth (1/15)
10/1/98 to 9/30/99	Two twenty-ninths (2/29)



1           10/1/99 to 9/30/00                   One-fourteenth (1/14)  
2           10/1/00 to 9/30/09 ~~After 9/30/00~~ Five sixty-ninths (5/69)  
3           After 9/30/09                        Seven and fifty-four one-hundredths percent (7.54%).

4           (c)       The Fund shall be administered by the Department of Public Instruction."

5                **SECTION 3.** Section 1 of this act is effective for taxable years beginning on or  
6 after January 1, 2009. The remainder of this act is effective when it becomes law.