

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

REVISED

BILL NUMBER: Senate Bill 1155 (First Edition)

SHORT TITLE: Reduce Corporate Income Tax.

SPONSOR(S): Senator Forrester

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
REVENUES (\$ millions)	(\$79.9)	(\$86)	(\$88.8)	(\$93.4)	(\$98.2)
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:		Department of Revenue			
EFFECTIVE DATE: Taxable years beginning on or after January 1, 2010					

BILL SUMMARY:

Effective for taxable years beginning on or after January 1, 2010, S.B. 1155 amends GS 105-130.3 to reduce the tax on net income for C corporations from 6.9% to 6.4%. Effective for the calendar quarter that ends on September 30, 2010, S.B. 1155 amends GS 115C-546.1(b) to increase the quarterly remission to the Public School Building Fund from 5/69 to 5/64 of the net collections received by the Department of Revenue from this tax.

ASSUMPTIONS AND METHODOLOGY:

The estimated fiscal impact was derived from the baseline collection forecast by fiscal year for corporate income tax, as shown in the following table:

Fiscal Yr	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
(\$millions)	1,103.3	1,188	1,225.7	1,289.5	1,356.5

The forecasted collection amount for each fiscal year was divided by the current tax rate (6.9%) to calculate forecasted North Carolina taxable income. Forecasted North Carolina taxable income was multiplied by the proposed decrease in the tax rate (.5%) to determine the fiscal impact.

The proposed bill will not change the amount of funds remitted to the Public School Building Fund.

SOURCES OF DATA: Fiscal Research

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

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