

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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SENATE BILL 738

Short Title: Tax Deduction for Certain Mortgage Income. (Public)

Sponsors: Senators Barnes and Craven (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 10, 2023

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW BANKS TO EXCLUDE INTEREST, FEES, AND PENALTIES  
3 RECEIVED FROM CERTAIN LOANS FROM THE TOTAL RECEIPTS CALCULATION  
4 IN THIS STATE FOR THE INCOME YEAR.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 105-130.4B reads as rewritten:

7 "§ 105-130.4B. Market-based sourcing for banks.

8 (a) Definitions. – The definitions in G.S. 105-130.4 apply to this section, and the  
9 following definitions apply to this section:

10 ...

11 (8) Loan secured by real property. – A loan or other obligation of which fifty  
12 percent (50%) or more of the aggregate value of the collateral used to secure  
13 the loan or other obligation, when valued at fair market value as of the time  
14 the original loan or obligation was incurred, was real property. The term does  
15 not include loans secured by (i) agricultural land as defined in G.S. 105-277.2  
16 or (ii) loans secured by a single-family residence that is the "principal  
17 residence" of its occupant, as that term is defined in section 121 of the Code,  
18 and meets the following requirements:

19 a. Is located in North Carolina in a rural area as defined by the United  
20 States Department of Agriculture.

21 b. Is not within a metropolitan statistical area.

22 c. Has a population of 2,500 or fewer, based upon the most recent  
23 Certified County Population Estimates from the State Demographer in  
24 the Office of State Budget and Management.

25 ...."

26 SECTION 2. This act is effective for taxable years beginning on or after January 1,  
27 2023.



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