

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1404

Short Title: Expand Qualified Business Credit.

(Public)

Sponsors: Representatives Culpepper; Arnold Baddour, Black, Brawley, Cansler, Hall, R. Hunter, McMahan, Miner, Owens, Preston, Redwine, Russell, and Smith.

Referred to: Finance.

May 21, 1998

A BILL TO BE ENTITLED

AN ACT TO RAISE THE CAP ON THE QUALIFIED BUSINESS INVESTMENT
TAX CREDITS AND TO POSTPONE THE SUNSET ON THE CREDITS.

The General Assembly of North Carolina enacts:

Section 1. Section 7 of Chapter 443 of the 1993 Session Laws reads as
rewritten:

"Sec. 7. Division V of Article 4 of Chapter 105 of the General Statutes is repealed
effective for investments made on or after January 1, ~~1999-2001~~. Division V of Article 4
of Chapter 105 of the General Statutes will remain in effect for investments made before
January 1, ~~1999-2001~~."

Section 2. Section 10 of Chapter 443 of the 1993 Session Laws reads as
rewritten:

"Sec. 10. Section 6 of this act is effective upon ratification. Section 7 of this act
becomes effective for investments made on or after January 1, ~~1999-2001~~. The
remainder of this act becomes effective for taxable years beginning on or after January 1,
1994.

A business registered as a qualified business venture or a qualified grantee business
before January 1, 1994, retains its registration until the renewal date for the registration of
that business under Division V of Article 4 of Chapter 105 of the General Statutes as in

1 effect before January 1, 1994. The Secretary of State shall not grant renewal of a
2 registration as a qualified business venture or a qualified grantee business unless at the
3 time of filing the renewal application, the business meets the requirements then in effect
4 for a new registration.

5 Notwithstanding the provisions of G.S. 105-163.014(a), as amended by this act, a
6 credit under Division V of Article 4 of Chapter 105 of the General Statutes for an
7 investment made before January 1, 1994, is not forfeited solely on the grounds that a
8 sibling of the taxpayer provides services for compensation to the business in which the
9 taxpayer invested.

10 Notwithstanding the provisions of G.S. 105-163.014(d), as amended by this act, a
11 credit under Division V of Article 4 of Chapter 105 of the General Statutes for an
12 investment made before January 1, 1994, is not forfeited solely on the grounds that a
13 redemption of the securities received in the investment is made within five years after the
14 investment was made.

15 The Secretary of State may require a qualified business venture or a qualified grantee
16 business that is unable to renew its registration after January 1, 1994, to file reports the
17 Secretary of State considers appropriate to determine the location of the headquarters and
18 principal business operations of the business until three years after the date of the last
19 investment in the business that qualified for the tax credit allowed under Division V of
20 Article 4 of Chapter 105 of the General Statutes."

21 Section 3. G.S. 105-163.012(b) reads as rewritten:

22 "(b) The total amount of all tax credits allowed to taxpayers under G.S. 105-
23 163.011 for investments made in a calendar year may not exceed ~~six million dollars~~
24 ~~(\$6,000,000)~~ twelve million dollars (\$12,000,000). The Secretary of Revenue shall
25 calculate the total amount of tax credits claimed from the applications filed pursuant to
26 G.S. 105-163.011(c). If the total amount of tax credits claimed for investments made in a
27 calendar year exceeds ~~six million dollars (\$6,000,000)~~ twelve million dollars
28 (\$12,000,000), the Secretary shall allow a portion of the credits claimed by allocating a
29 total of ~~six million dollars (\$6,000,000)~~ twelve million dollars (\$12,000,000) in tax credits
30 in proportion to the size of the credit claimed by each taxpayer."

31 Section 4. Section 3 of this act becomes effective for taxable years beginning
32 on or after January 1, 1998. The remainder of this act is effective when it becomes law.