

**GENERAL ASSEMBLY OF NORTH CAROLINA
SECOND EXTRA SESSION 2003**

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SENATE DRS35388-LY-130 (12/8)

Short Title: Reduce Income Tax Rates.

(Public)

Sponsors: Senator Webster.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE CORPORATE AND PERSONAL INCOME TAX RATES TO SIX PERCENT.

The General Assembly of North Carolina enacts:

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

"§ **105-130.3. Corporations.**

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

Income Years Beginning	Tax
In 1997	7.5%
In 1998	7.25%
In 1999	7%
After 1999	6.9% <u>In 2000 through 2004</u> <u>6.9%</u>
<u>After 2004</u>	<u>6%</u> "

SECTION 2. G.S. 115C-546.1(b) reads as rewritten:

"(b) Each calendar quarter, the Secretary of Revenue shall remit to the State Treasurer for credit to the Public School Building Capital Fund an amount equal to the applicable fraction provided in the table below of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3 minus two million five hundred thousand dollars (\$2,500,000). All funds deposited in the Public School Building Capital Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3.

Period	Fraction
10/1/97 to 9/30/98	One-fifteenth (1/15)
10/1/98 to 9/30/99	Two twenty-ninths (2/29)
10/1/99 to 9/30/00	One-fourteenth (1/14)

After ~~9/30/00~~10/1/00 to 9/30/05 Five sixty-ninths (5/69)

After 9/30/05 One-twelfth (1/12)"

SECTION 3. G.S. 105-134.2 reads as rewritten:

"§ 105-134.2. Individual income tax imposed.

(a) **(Effective for taxable years ending before January 1, 2006)** A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the following percentages six percent (6%) of the taxpayer's North Carolina taxable income.

(1) ~~For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:~~

Over	Up To	Rate
0	\$21,250	6%
\$21,250	\$100,000	7%
\$100,000	\$200,000	7.75%
\$200,000	NA	8.25%

(2) ~~For heads of households, as defined in section 2(b) of the Code:~~

Over	Up To	Rate
0	\$17,000	6%
\$17,000	\$80,000	7%
\$80,000	\$160,000	7.75%
\$160,000	NA	8.25%

(3) ~~For unmarried individuals other than surviving spouses and heads of households:~~

Over	Up To	Rate
0	\$12,750	6%
\$12,750	\$60,000	7%
\$60,000	\$120,000	7.75%
\$120,000	NA	8.25%

(4) ~~For married individuals who do not file a joint return under G.S. 105-152:~~

Over	Up To	Rate
0	\$10,625	6%
\$10,625	\$50,000	7%
\$50,000	\$100,000	7.75%
\$100,000	NA	8.25%"

SECTION 4. Section 39.1 of S.L. 2003-284 is repealed.

1 **SECTION 5.** Section 3 of this act is effective with taxable years beginning
2 on or after January 1, 2005. The remainder of this act is effective when it becomes law.