

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2015

S

1

SENATE BILL 828*

Short Title: Small Business Incentive Act. (Public)

Sponsors: Senators Ford (Primary Sponsor); and Bryant.

Referred to: Finance

May 11, 2016

A BILL TO BE ENTITLED
AN ACT TO ENACT THE SMALL BUSINESS INCENTIVE ACT.
The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.13 is amended by adding a new subdivision to read:
"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

...

(66) Tangible personal property, other than a passenger automobile with a price exceeding one hundred thousand dollars (\$100,000) or not used principally for business purposes or a watercraft used principally for entertainment and pleasure outings for which no admission is charged, if all of the following are met:

- a. It is a leasehold improvement or new equipment used to produce goods or deliver services by a small business having gross annual sales of not more than two million dollars (\$2,000,000).
b. It is capitalized by the taxpayer for tax purposes under the Code.
c. It has a value of at least fifty thousand dollars (\$50,000)."

SECTION 2. G.S. 105-275 is amended by adding a new subdivision to read:
"§ 105-275. Property classified and excluded from the tax base.

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax:

...

(49) Fifteen percent (15%) of the appraised value of tangible personal property exempt from sales tax pursuant to G.S. 105-164.13(66) if the tangible personal property has a value of at least one hundred thousand dollars (\$100,000)."

SECTION 3. Section 1 of this act becomes effective July 1, 2016, and applies to sales made on or after that date. Section 2 of this act is effective for taxes imposed for taxable years beginning on or after July 1, 2016. The remainder of this act is effective when it becomes law.

