

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 923

SHORT TITLE: N.C. Limited Liability Company Act

SPONSOR(S): Representatives R. Hunter, Redwine; Alexander, Baddour,
Church, Daughtry, Flaherty, Griffin, Hensley, Lee,
Moore, Sutton, Wilkins

FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase ()** **Decrease (X)**
 No Impact (X)
 No Estimate Available ()

FUND AFFECTED: **General Fund (X)** **Highway Fund ()** **Local Govt. ()**
 Other Funds ()

BILL SUMMARY: The bill authorizes the organization and operation of limited liability companies(LLCs) in North Carolina. Currently 17 other states allow this form of business organization. An LLC combines the advantages of both a corporation and a partnership; the LLC is treated as a partnership with gains and losses distributed directly to owners and investors to be reported on individual income tax returns, and it is treated like a corporation in organizational provisions that shield shareholder assets from unlimited liability claims.

An LLC would be treated for State tax purposes on the same basis as the LLC is classified for Federal tax purposes. The Secretary of State is required to collect a schedule of fees for the registration and documentation of subsequent modifications in organizational structure.

	<u>Fee</u>
1. Articles of organization	\$100.00
2. Application for reserved name	10.00
3. Notice of transfer of reserved name	10.00
4. Application for registered name	10.00
5. Application for renewal of registered name	10.00
6. Limited liability company's statement of change of registered agent or registered office or both	5.00
7. Agent's statement of change of registered office for each affected limited liability company	5.00
8. Agent's statement of resignation	No fee
9. Designation of registered agent or registered office or both	5.00
10. Amendment of articles of organization	50.00
11. Restated articles of organization	10.00

with amendment of articles	50.00
12. Articles of merger	50.00
13. Articles of dissolution	30.00
14. Articles of revocation of dissolution	10.00
15. Certificate of administrative dissolution	No fee
16. Certificate of reinstatement	No fee
17. Certificate of judicial dissolution	No fee
18. Application for certificate of authority	200.00
19. Application for amended certificate of authority	50.00
20. Application for certificate of withdrawal	10.00
21. Certificate of revocation of authority to transact business	No fee
22. Articles of correction	10.00
23. Application for certificate of existence or authorization	5.00
24. Annual report	100.00
25. Any other document required or permitted to be filed by this Chapter	10.00

EFFECTIVE DATE: Effective for tax years beginning on or after January 1, 1993, and expires for taxable years beginning on or after January 1, 1995.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Revenue, Individual, Intangible, and Gift Tax Division

FISCAL IMPACT

<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
<u>FY</u>			

REVENUES:

- GENERAL FUND
- HIGHWAY FUND
- HIGHWAY TRUST FUND
- LOCAL

EXPENDITURES None

POSITIONS: None

ASSUMPTIONS AND METHODOLOGY:

SOURCES OF

DATA: NC Department of Revenue; Individual, Intangibles, and Gift Tax Division

TECHNICAL CONSIDERATIONS: The bill allows a \$500 tax credit **per taxpayer** per year. This language is insufficient to disallow a husband and wife from each claiming a \$500 credit, for a maximum of \$1,000.

The Department of Revenue recommends that the definition of home security device be clarified by providing a more specific listing of items purchased and installed for which this tax credit can be claimed.

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Ruth Sappie
APPROVED BY: Tom L. Covington **TOMC**
DATE: June 7, 1993



Signed Copy Located in the NCGA Principal Clerk's Offices