

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1241

Short Title: Repeal Business Investment Credit.

(Public)

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Sponsors: Representative Pope.

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Referred to: Finance.

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May 10, 1991

1 A BILL TO BE ENTITLED  
2 AN ACT TO REPEAL THE TAX CREDITS FOR QUALIFIED BUSINESS  
3 INVESTMENTS MADE ON OR AFTER APRIL 1, 1991.

4 The General Assembly of North Carolina enacts:

5 Section 1. The title of Division V of Article 4 of Chapter 105 of the General  
6 Statutes reads as rewritten:

7 **"DIVISION V. ~~INCOME TAX CREDITS FOR QUALIFIED BUSINESS~~**  
8 **INVESTMENTS. INVESTMENTS MADE BEFORE APRIL 1, 1991."**

9 Sec. 2. G.S. 105-163.011 reads as rewritten:

10 **"§ 105-163.011. Tax credits allowed.**

11 (a) Corporations. – Subject to the limitations contained in G.S. 105-163.012, a  
12 corporation that invests before April 1, 1991, in the equity securities of a North Carolina  
13 Capital Resource Corporation, a North Carolina Enterprise Corporation, or a qualified  
14 investment organization is allowed as a credit against the income tax imposed by  
15 Division I of this Article, the franchise tax imposed by G.S. 105-116, 105-120.2, and  
16 105-122, or the gross premiums tax imposed by G.S. 105-228.5 and G.S. 105-228.8 for  
17 the taxable year an amount equal to twenty-five percent (25%) of the amount invested  
18 or seven hundred fifty thousand dollars (\$750,000), whichever is less. The credit may  
19 not be taken for the year in which the investment is made but shall be taken for the  
20 taxable year beginning during the calendar year following the calendar year in which  
21 the investment was made. No tax credit is allowed for investments made on or after  
22 April 1, 1991.

23 (b) Individuals. – Subject to the limitations contained in G.S. 105-163.012, an  
24 individual who invests before April 1, 1991, in the equity securities or subordinated

1 debt of (i) a North Carolina Capital Resource Corporation, (ii) a qualified investment  
2 organization, (iii) a qualified business venture, (iv) a qualified grantee business, or (v) a  
3 North Carolina Enterprise Corporation is allowed as a credit against the tax imposed by  
4 Division II of this Article for the taxable year an amount equal to twenty-five percent  
5 (25%) of the amount invested or one hundred thousand dollars (\$100,000), whichever is  
6 less. The credit may not be taken for the year in which the investment is made but shall  
7 be taken for the taxable year beginning during the calendar year following the calendar  
8 year in which the investment was made. No tax credit is allowed for investments made  
9 on or after April 1, 1991.

10 (c) Application. – To be eligible for the tax credit provided in this section, the  
11 taxpayer must file an application for the credit with the Secretary of Revenue on or  
12 before April 15 of the year following the calendar year in which the investment was  
13 made. The application shall be on a form prescribed by the Secretary and shall include  
14 any supporting documentation that the Secretary may require. The last date on which  
15 applications may be filed is April 15, 1992.

16 (d) Penalties. – The penalties provided in G.S. 105-236 apply in this Division."

17 Sec. 3. The title of Chapter 53A of the General Statutes reads as rewritten:

18 **"CHAPTER 53A.**

19 **BUSINESS DEVELOPMENT CORPORATIONS AND NORTH CAROLINA**  
20 **CAPITAL**

21 **~~RESOURCE~~-ENTERPRISE CORPORATIONS."**

22 Sec. 4. G.S. 53A-46 reads as rewritten:

23 **"§ 53A-46. Tax credit.**

24 A person or corporation that invests before April 1, 1991, in the equity securities of  
25 a North Carolina Enterprise Corporation may be entitled to a tax credit as provided in  
26 G.S. 105-163.010 through G.S. 105-163.014."

27 Sec. 5. Effective for taxable years beginning on or after January 1, 1993,  
28 G.S. 53A-46, 105-163.011, and 105-163.012 are repealed. Repeal of these statutes does  
29 not affect a taxpayer's right to any carryover credit for which the taxpayer may be  
30 eligible under G.S. 105-163.012 for a taxable year beginning on or after January 1,  
31 1993.

32 Sec. 6. Effective for taxable years beginning on or after January 1, 1998, the  
33 remainder of Division V of Article 4 of Chapter 105 of the General Statutes is repealed.

34 Sec. 7. Except as provided in Sections 5 and 6, this act is effective upon  
35 ratification. This act does not affect the rights or liabilities of the State, a taxpayer, or  
36 another person arising under a statute amended or repealed by this act before its  
37 amendment or repeal; nor does it affect the right to any refund or credit of a tax that  
38 would otherwise have been available under the amended or repealed statute before its  
39 amendment or repeal.