

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1904

Short Title: Estimated Tax/Statewide Funds.

(Public)

Sponsors: Representatives Diamont; Jeralds, Perdue, Locks, and Bowman.

Referred to: Appropriations.

May 10, 1989

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR STATEWIDE PROGRAMS AND TO
CONFORM STATE LAW TO A RECENT CHANGE IN THE FEDERAL RULE
FOR CALCULATING ESTIMATED INCOME TAX PAYMENTS.

The General Assembly of North Carolina enacts:

H431-PARK IMPROVEMENT FUNDS

Section 1. There is appropriated from the General Fund to the Department of Natural Resources and Community Development, Parks and Recreation Division, \$5,000,000 for the 1989-90 fiscal year to develop and maintain existing parks in the State Parks System.

—HOUSING REHABILITATION AND DEVELOPMENT FUNDS

Sec. 2. There is appropriated from the General Fund to the North Carolina Housing Finance Agency \$5,000,000 for the 1989-90 fiscal year to be placed in the Housing Trust Fund established in Chapter 122E of the General Statutes.

At least \$2,000,000 of these funds shall be used to support the development of self-help housing and the remainder shall be used to support programs of rehabilitation or new construction developed by the North Carolina Housing Partnership pursuant to G.S. 122E-6.

—VIETNAM VETERANS MEMORIAL FUNDS

Sec. 3. There is appropriated from the General Fund to the Department of Transportation \$600,000 for the 1989-90 fiscal year to establish a Vietnam Veterans Memorial Park on Interstate 85, provided that a local match of a like amount of funds, property, or services is raised to match this appropriation on the basis of \$1.00 of non-State funds, property, or services for every \$2.00 of State funds.

1 H1428—ACTIVITY BUS REPLACEMENT FUNDS

2 Sec. 4. There is appropriated from the General Fund to the Department of
3 Public Education \$3,000,000 for the 1989-90 fiscal year for the replacement of activity
4 buses manufactured prior to April 1, 1977, and for transportation supplies and
5 equipment. The Department shall establish a formula for allocating these funds into
6 accounts against which local school administrative units may draw an amount of funds
7 that equals the amount of local funds provided for the primary purpose of replacing
8 activity buses manufactured prior to April 1, 1977, that were in actual operation on
9 March 1, 1989. Each local school administrative unit account shall be funded at a
10 minimum of \$16,000 and a maximum of \$32,000. After an administrative unit has
11 replaced all of its pre-1977 activity buses that were in actual operation on March 1,
12 1989, the unit may use funds remaining in its account to provide transportation supplies
13 and transportation equipment, but for no other purposes. Administrative units that
14 operate activity vans may request a waiver from the State Board of Education to
15 purchase vans that meet applicable National Transportation Safety Board safety
16 standards. These units shall match State funds with local funds on the same basis as for
17 activity buses.

18 It is the intent of the General Assembly that this appropriation be a one-time
19 appropriation for the primary purpose of assisting local school administrative units in
20 the replacement of pre-1977 activity buses that were in actual operation on March 1,
21 1989, which buses have been found to be unsafe for students.

22 —PUBLIC LIBRARY CONSTRUCTION FUNDS

23 Sec. 5. There is appropriated from the General Fund to the Department of
24 Cultural Resources \$2,000,000 for the 1989-90 fiscal year to provide funds for
25 construction grants to public libraries. A public library may not receive a grant of more
26 than \$50,000 under this section. To obtain a grant under this section, a public library
27 must raise a like amount of non-State funds to match the State funds on a dollar-for-
28 dollar basis.

29 —GROUP HOMES FUNDS

30 Sec. 6. (a) There is appropriated from the General Fund to the Department of
31 Human Resources, Division of Mental Health, Mental Retardation, and Substance
32 Abuse Services the sum of \$1,430,860 for the 1989-90 fiscal year for the start-up and
33 operation of the HUD 202 Fund Reservation Group Homes for the Mentally Retarded
34 and the sum of \$1,542,708 for the 1990-91 fiscal year for the operation of these group
35 homes.

36 (b) There is appropriated from the General Fund to the Department of Human
37 Resources, Division of Mental Health, Mental Retardation, and Substance Abuse
38 Services the sum of \$867,500 for the 1989-90 fiscal year for the start-up and operation
39 of the HUD 202 Fund Reservation Group Homes for the mentally ill and the sum of
40 \$657,292 for the 1990-91 fiscal year for the operation of these group homes.

41 H862—INFANT MORTALITY PREVENTION FUNDS

42 Sec. 7. There is appropriated from the General Fund to the Department of
43 Human Resources, Division of Health Services, \$260,000 for the 1989-90 fiscal year for
44 an Infant Mortality Prevention Campaign. The Campaign shall be an educational

1 awareness program, directed at all women of childbearing age, on the importance of
 2 early, continuous, and good prenatal care. The program shall be accomplished through
 3 television, radio, and other news media.

4 H549—ACADEMIC ENHANCEMENT FUNDS

5 Sec. 8. There is appropriated from the General Fund to the Board of
 6 Governors of The University of North Carolina the sum of \$6,000,000 for the 1989-90
 7 fiscal year to be distributed equally to the following constituent institutions and used to
 8 supplement the institutions' endowment funds:

- 9 (1) Fayetteville State University.
- 10 (2) Elizabeth City State University.
- 11 (3) North Carolina Central University.
- 12 (4) Winston-Salem State University.
- 13 (5) North Carolina Agricultural and Technical State University.
- 14 (6) Pembroke State University.

15 —CONFORM ESTIMATED TAX LAW

16 Sec. 9. G.S. 105-163.15 reads as rewritten:

17 **"§ 105-163.15. Failure by individual to pay estimated income tax; penalty.**

18 (a) In the case of any underpayment of the estimated tax by an individual, there
 19 shall be added to the tax imposed under Article 4 for the taxable year an amount
 20 determined by applying the applicable annual rate established under G.S. 105-241.1(i)
 21 to the amount of the underpayment for the period of the underpayment.

22 (b) For purposes of subsection (a), the amount of the underpayment shall be the
 23 excess of the required installment, over the amount, if any, of the installment paid on or
 24 before the due date for the installment. The period of the underpayment shall run from
 25 the due date for the installment to whichever of the following dates is the earlier: (i) the
 26 fifteenth day of the fourth month following the close of the taxable year, or (ii) with
 27 respect to any portion of the underpayment, the date on which such portion is paid. A
 28 payment of estimated tax shall be credited against unpaid required installments in the
 29 order in which such installments are required to be paid.

30 (c) For purposes of this section there shall be four required installments for each
 31 taxable year with the time for payment of the installments as follows:

- 32 (1) First installment – April 15 of taxable year;
- 33 (2) Second installment – June 15 of taxable year;
- 34 (3) Third installment – September 15 of taxable year; and
- 35 (4) Fourth installment – January 15 of following taxable year.

36 (d) Except as provided in subsection ~~(e)~~—(e), the amount of any required
 37 installment shall be twenty-five percent (25%) of the required annual payment. The
 38 term 'required annual payment' means the lesser of:

- 39 (1) ~~Eighty percent (80%)~~ Ninety percent (90%) of the tax shown on the
 40 return for the taxable year, or, if no return is filed, ~~eighty percent (80%)~~
 41 ninety percent (90%) of the tax for that year; or
- 42 (2) One hundred percent (100%) of the tax shown on the return of the
 43 individual for the preceding taxable year, if the preceding taxable year

1 was a taxable year of 12 months and the individual filed a return for
2 that year.

3 (e) In the case of any required installment, if the individual establishes that the
4 annualized income installment is less than the amount determined under subsection (d),
5 the amount of the required installment shall be the annualized income installment, and
6 any reduction in a required installment resulting from the application of this subsection
7 shall be recaptured by increasing the amount of the next required installment determined
8 under subsection (d) by the amount of the reduction and by increasing subsequent
9 required installments to the extent that the reduction has not previously been recaptured.

10 In the case of any required installment, the annualized income installment is the
11 excess, if any, of (i) an amount equal to the applicable percentage of the tax for the
12 taxable year computed by placing on an annualized basis the taxable income for months
13 in the taxable year ending before the due date for the installment, over (ii) the aggregate
14 amount of any prior required installments for the taxable year. The taxable income shall
15 be placed on an annualized basis under rules prescribed by the Secretary. The applicable
16 percentages for the required installments are as follows:

17 (1) First installment — ~~twenty percent (20%);~~ twenty-two and one-half
18 percent (22.5%);

19 (2) Second installment — ~~forty percent (40%);~~ forty-five percent (45%);

20 (3) Third installment — ~~sixty percent (60%);~~ sixty-seven and one-half
21 percent (67.5%); and

22 (4) Fourth installment — ~~eighty percent (80%);~~ ninety percent (90%).

23 (f) No addition to the tax shall be imposed under subsection (a) if the tax shown
24 on the return for the taxable year reduced by the tax withheld under Article 4A is less
25 than forty dollars (\$40.00) or if the individual did not have any liability for tax under
26 Division II of Article 4 for the preceding taxable year.

27 (g) For purposes of this section, the term 'tax' means the tax imposed by Division
28 II of Article 4 minus the credits against the tax allowed by Article 4. The amount of the
29 credit allowed under Article 4A for withheld income tax for the taxable year is
30 considered a payment of estimated tax, and an equal part of that amount is considered to
31 have been paid on each due date of the taxable year, unless the taxpayer establishes the
32 dates on which all amounts were actually withheld, in which case the amounts so
33 withheld are considered payments of estimated tax on the dates on which such amounts
34 were actually withheld.

35 (h) If, on or before January 31 of the following taxable year, the taxpayer files a
36 return for the taxable year and pays in full the amount computed on the return as
37 payable, no addition to tax shall be imposed under subsection (a) with respect to any
38 underpayment of the fourth required installment for the taxable year.

39 (i) Notwithstanding the other provisions of this section, an individual who is a
40 farmer or fisherman for a taxable year is required to make only one installment payment
41 of tax for that year. This installment is due on or before January 15 of the following
42 taxable year but may be paid without penalty or interest on or before March 1 of that
43 year. The amount of the installment payment shall be the lesser of:

- 1 (1) Sixty-six and two-thirds percent (66 2/3%) of the tax shown on the
2 return for the taxable year, or, if no return is filed, sixty-six and two-
3 thirds percent (66 2/3%) of the tax for that year; or
4 (2) One hundred percent (100%) of the tax shown on the return of the
5 individual for the preceding taxable year, if the preceding taxable year
6 was a taxable year of 12 months and the individual filed a return for
7 that year.

8 An individual is a farmer or fisherman for any taxable year if the individual's gross
9 income from farming or fishing, including oyster farming, for the taxable year is at least
10 sixty-six and two-thirds percent (66 2/3%) of the total gross income from all sources for
11 the taxable year, or the individual's gross income from farming or fishing, including
12 oyster farming, shown on the return of the individual for the preceding taxable year is at
13 least sixty-six and two-thirds percent (66 2/3%) of the total gross income from all
14 sources shown on the return.

15 (j) In applying this section to a taxable year beginning on any date other than
16 January 1, there shall be substituted, for the months specified in this section, the months
17 that correspond thereto. This section shall be applied to taxable years of less than 12
18 months in accordance with rules prescribed by the Secretary.

19 (k) This section shall not apply to any estate or trust."

20 —EFFECTIVE DATE

21 Sec. 10. Section 9 of this act is effective for taxable years beginning on or
22 after January 1, 1990. The remainder of this act is effective upon ratification.