

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 523

Short Title: Local Pollution Tax Certification.

(Public)

Sponsors: Senator Kaplan (By Request).

Referred to: Finance.

March 20, 1989

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE FULLY CERTIFIED LOCAL AIR POLLUTION
2 CONTROL PROGRAMS TO CERTIFY POLLUTION CONTROL EQUIPMENT
3 FOR TAX PURPOSES.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-122 reads as rewritten:

7 "**§ 105-122. Franchise or privilege tax on domestic and foreign corporations.**

8 (a) Every corporation, domestic and foreign, incorporated, or, by an act,
9 domesticated under the laws of this State or doing business in this State, except as
10 otherwise provided in this Article or schedule, shall, on or before the fifteenth day of the
11 third month following the end of its income year, annually, make and deliver to the
12 Secretary of Revenue in such form as he may prescribe a full, accurate and complete
13 report and statement signed by either its president, vice-president, treasurer, assistant
14 treasurer, secretary or assistant secretary, containing such facts and information as may
15 be required by the Secretary of Revenue as shown by the books and records of the
16 corporation at the close of such income year.

17 There shall be annexed to the return required by this subsection the affirmation of
18 the officer signing the return in the following form: 'Under penalties prescribed by law,
19 I hereby affirm that to the best of my knowledge and belief this return, including any
20 accompanying schedules and statements, is true and complete. If prepared by a person
21 other than taxpayer, his affirmation is based on all information of which he has any
22 knowledge.'

23 (b) Every such corporation taxed under this section shall determine the total
24 amount of its issued and outstanding capital stock, surplus and undivided profits; no

1 reservation or allocation from surplus or undivided profits shall be allowed other than
2 for definite and accrued legal liabilities, except as herein provided; taxes accrued,
3 dividends declared and reserves for depreciation of tangible assets as permitted for
4 income tax purposes shall be treated as deductible liabilities. There shall also be treated
5 as a deductible liability reserves for the entire cost of any air-cleaning device or sewage
6 or waste treatment plant, including waste lagoons, and pollution abatement equipment
7 purchased or constructed and installed which reduces the amount of air or water
8 pollution resulting from the emission of air contaminants or the discharge of sewage and
9 industrial wastes or other polluting materials or substances into the outdoor atmosphere
10 or streams, lakes, or rivers, upon condition that the corporation claiming such deductible
11 liability shall furnish to the Secretary a certificate from the Department of Natural
12 Resources and Community Development or from a local air pollution control program
13 for air-cleaning devices located in an area where the Environmental Management
14 Commission has certified a local air pollution control program pursuant to G.S. 143-
15 215.112 certifying that ~~said the~~ Environmental Management Commission or local air
16 pollution control program has found as a fact that the air-cleaning device, waste
17 treatment plant or pollution abatement equipment purchased or constructed and installed
18 as above described has actually been constructed and installed and that such plant or
19 equipment complies with the requirements of ~~said the~~ Environmental Management
20 Commission or local air pollution control program with respect to such devices, plants
21 or equipment, that such device, plant or equipment is being effectively operated in
22 accordance with the terms and conditions set forth in the permit, certificate of approval,
23 or other document of approval issued by the Environmental Management Commission
24 or local air pollution control program and that the primary purpose thereof is to reduce
25 air or water pollution resulting from the emission of air contaminants or the discharge of
26 sewage and waste and not merely incidental to other purposes and functions. The cost
27 of purchasing and installing equipment or constructing facilities for the purpose of
28 recycling or resource recovering of or from solid waste or for the purpose of reducing
29 the volume of hazardous waste generated shall be treated as deductible for the purposes
30 of this section upon condition that the corporation claiming such deductible liability
31 shall furnish to the Secretary a certificate from the Department of Human Resources
32 certifying that the Department of Human Resources has found as a fact that the
33 equipment or facility has actually been purchased, installed or constructed, that it is in
34 conformance with all rules and regulations of the Department of Human Resources, and
35 the recycling or resource recovering is the primary purpose of the facility or equipment.
36 The cost of constructing facilities of any private or public utility built for the purpose of
37 providing sewer service to residential and outlying areas shall be treated as deductible
38 for the purposes of this section; the deductible liability allowed by this section shall
39 apply only with respect to such pollution abatement plants or equipment constructed or
40 installed on or after January 1, 1955. Treasury stock shall not be considered in
41 computing the capital stock, surplus and undivided profits as the basis for franchise tax,
42 but shall be excluded proportionately from said capital stock, surplus and undivided
43 profits as the case may be upon the basis and to the extent of the cost thereof. In the
44 case of an international banking facility, the capital base shall be reduced by the excess

1 of the amount as of the end of the taxable year of all assets of an international banking
2 facility which are employed outside the United States over liabilities of the international
3 banking facility owed to foreign persons. For purposes of such reduction, foreign
4 persons shall have the same meaning as defined in G.S. 105-130.5(b) (13)d.

5 Every corporation doing business in this State which is a parent, subsidiary, or
6 affiliate of another corporation shall add to its capital stock, surplus and undivided
7 profits all indebtedness owed to or endorsed or guaranteed by a parent, subsidiary or
8 affiliated corporation as a part of its capital used in its business and as a part of the base
9 for franchise tax under this section. The term 'indebtedness' as used in this paragraph
10 shall include all loans, credits, goods, supplies or other capital of whatsoever nature
11 furnished by a parent, subsidiary, or affiliated corporation. The terms 'parent,'
12 'subsidiary,' and 'affiliate' as used in this paragraph shall have the meaning specified in
13 G.S. 105-130.6. If any part of the capital of the creditor corporation is capital borrowed
14 from a source other than a parent, subsidiary or affiliate, the debtor corporation, which
15 is required under this paragraph to include in its tax base the amount of debt by reason
16 of being a parent, subsidiary, or affiliate of the said creditor corporation, may deduct
17 from the debt thus included a proportionate part determined on the basis of the ratio of
18 such borrowed capital as above specified of the creditor corporation to the total assets of
19 the said creditor corporation. Further, in case the creditor corporation as above
20 specified is also taxable under the provisions of this section, such creditor corporation
21 shall be allowed to deduct from the total of its capital, surplus and undivided profits the
22 amount of any debt owed to it by a parent, subsidiary or affiliated corporation to the
23 extent that such debt has been included in the tax base of said parent, subsidiary or
24 affiliated debtor corporation reporting for taxation under the provisions of this section.

- 25 (c) (1) After ascertaining and determining the amount of its capital
26 stock, surplus and undivided profits, as provided herein, every
27 corporation permitted to allocate and apportion its net income for
28 income tax purposes under the provisions of Article 4 of this Chapter
29 shall apportion said capital stock, surplus and undivided profits to
30 this State through use of the fraction computed for apportionment of
31 its business income under said Article.

32 Provided, that although a corporation is authorized by the Tax Review
33 Board to apportion its business income by use of an alternative
34 formula or method, the corporation may not use such alternative
35 formula or method for apportioning its capital stock, surplus and
36 undivided profits unless specifically authorized to do so by order of the
37 Tax Review Board.

38 Provided, further, that a corporation which is required to pay an
39 income tax to this State on its entire net income shall apportion its
40 entire capital stock, surplus and undivided profits to this State.

- 41 (2) If any corporation believes that the method of allocation or
42 apportionment hereinbefore described as administered by the Secretary
43 of Revenue has operated or will so operate as to subject it to taxation
44 on a greater portion of its capital stock, surplus and undivided profits

1 than is reasonably attributable to business within the State, it shall be
2 entitled to file with the Tax Review Board a petition setting forth the
3 facts upon which its belief is based and its argument with respect to the
4 application of the allocation formula. This petition shall be filed in
5 such form and within such time as the Tax Review Board may
6 prescribe. The Board shall grant a hearing thereon. At least three
7 members of the Tax Review Board shall attend any hearing pursuant to
8 such petition. In such cases the Tax Review Board's membership shall
9 be augmented by the addition of the Secretary of Revenue, who shall
10 sit as a member of said Board with full power to participate in its
11 deliberations and decisions with respect to petitions filed under the
12 provisions of this section. An informal record containing in substance
13 the evidence, contentions and arguments presented at the hearing shall
14 be made. All members of the augmented Tax Review Board shall
15 consider such evidence, contentions and arguments, and the decision
16 thereon shall be made by a majority vote of the augmented Board. If
17 the Board shall find that the application of the allocation formula
18 subjects the corporation to taxation on a greater portion of its capital
19 stock, surplus and undivided profits than is reasonably attributable to
20 its business within this State:

- 21 a. If the corporation shall employ in its books of account a
22 detailed allocation of receipts and expenditures which reflects
23 more clearly than the applicable allocation formula or
24 alternative formulas prescribed by this section the portion of the
25 capital stock, surplus and undivided profits attributable to the
26 business within this State, application for permission to base the
27 return upon the taxpayer's books of account shall be considered
28 by the Tax Review Board. The Board shall be authorized to
29 permit such separate accounting method in lieu of applying the
30 applicable allocation formula if the Board deems such method
31 proper as best reflecting the portion of the capital stock, surplus
32 and undivided profits attributable to this State.
- 33 b. If the corporation shall show that any other method of
34 allocation than the applicable allocation formula or alternative
35 formulas prescribed by this section reflects more clearly the
36 portion of the capital stock, surplus and undivided profits
37 attributable to the business within this State, application for
38 permission to base the return upon such other method shall be
39 considered by the Tax Review Board. The application shall be
40 accompanied by a statement setting forth in detail, with full
41 explanations, the method the taxpayer believes will more nearly
42 reflect the portion of its capital stock, surplus and undivided
43 profits attributable to the business within this State. If the Board
44 shall conclude that the allocation formula and the alternative

1 formulas prescribed by this section allocate to this State a
2 greater portion of the capital stock, surplus and undivided
3 profits of the corporation than is reasonably attributable to
4 business within this State, it shall determine the allocable
5 portion by such other method as it shall find best calculated to
6 assign to this State for taxation the portion reasonably
7 attributable to its business within this State.

8 There shall be a presumption that the appropriate allocation formula reasonably
9 attributes to this State the portion of the corporation's capital stock, surplus and
10 undivided profits reasonably attributable to its business in this State and the burden shall
11 rest upon the corporation to show the contrary. The relief herein authorized shall be
12 granted by the Board only in cases of clear, cogent and convincing proof that the
13 petitioning taxpayer is entitled thereto. No corporation shall use any alternative formula
14 or method other than the applicable allocation formula provided by statute in making a
15 franchise tax report or return to this State except upon order in writing of the Board and
16 any return in which any alternative formula or other method other than the applicable
17 allocation formula prescribed by statute is used without the permission of the Board,
18 shall not be a lawful return.

19 When the Board determines, pursuant to the provisions of this Article, that an
20 alternative formula or other method more accurately reflects the portion of the capital
21 stock, surplus and undivided profits allocable to North Carolina and renders its decision
22 with regard thereto, the corporation shall allocate its capital stock, surplus and
23 undivided profits for future years in accordance with such determination and decision of
24 the Board so long as the conditions constituting the basis upon which the decision was
25 made remain unchanged or until such time as the business method of operation of the
26 corporation changes. Provided, however, that the Secretary of Revenue may, in his
27 discretion, with respect to any subsequent year, require the corporation to furnish
28 information relating to its property, operations and activities.

29 A corporation which proposes to do business in this State may file a petition with the
30 Board setting forth the facts upon which it contends that the applicable allocation
31 formula will allocate a greater portion of the corporation's capital stock, surplus and
32 undivided profits to North Carolina than will be reasonably attributable to its proposed
33 business within the State. Upon a proper showing in accordance with the procedure
34 described above for determination by the Board, the Board may authorize such
35 corporation to allocate its capital stock, surplus and undivided profits to North Carolina
36 on the basis prescribed by the Board under the provisions of this section for such future
37 years as the conditions constituting the basis upon which the Board's decision is made
38 remain unchanged and the business operations of the corporation continue to conform to
39 the statement of proposed methods of business operations presented by the corporation
40 to the Board.

41 When the Secretary of Revenue asserts liability under the formula adjustment
42 decision of the Tax Review Board, an aggrieved taxpayer may pay the tax under protest
43 and bring a civil action for recovery under the provisions of G.S. 105- 241.4.

1 (3) The proportion of the total capital stock, surplus and undivided profits
2 of each such corporation so allocated shall be deemed to be the
3 proportion of the total capital stock, surplus and undivided profits of
4 each such corporation used in connection with its business in this State
5 and liable for annual franchise tax under the provisions of this section.

6 (d) After determining the proportion of its total capital stock, surplus and
7 undivided profits as set out in subsection (c) of this section, which amount so
8 determined shall in no case be less than fifty-five percent (55%) of the appraised value
9 as determined for ad valorem taxation of all the real and tangible personal property in
10 this State of each such corporation plus the total appraised value of intangible property
11 returned for taxation of intangible personal property as herein specified nor less than its
12 total actual investment in tangible property in this State, every corporation taxed under
13 this section shall annually pay to the Secretary of Revenue, at the time the report and
14 statement are due, a franchise or privilege tax, which is hereby levied at the rate of one
15 dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of the total amount of
16 capital stock, surplus and undivided profits as herein provided. The tax imposed in this
17 section shall in no case be less than twenty-five dollars (\$25.00) and shall be for the
18 privilege of carrying on, doing business, and/or the continuance of articles of
19 incorporation or domestication of each such corporation in this State. Appraised value
20 of tangible property including real estate shall be the ad valorem valuation for the
21 calendar year next preceding the due date of the franchise tax return. Appraised value of
22 intangible property shall be the total gross valuation required to be reported for
23 intangible tax purposes on April 15 coincident with or next preceding the due date of
24 the franchise tax return. The term 'total actual investment in tangible property' as used
25 in this section shall be construed to mean the total original purchase price or
26 consideration to the reporting taxpayer of its tangible properties, including real estate, in
27 this State plus additions and improvements thereto less reserve for depreciation as
28 permitted for income tax purposes, and also less any indebtedness incurred and existing
29 by virtue of the purchase of any real estate and any permanent improvements made
30 thereon. In computing 'total actual investment in tangible personal property' there shall
31 also be deducted reserves for the entire cost of any air-cleaning device or sewage or
32 waste treatment plant, including waste lagoons, and pollution abatement equipment
33 purchased or constructed and installed which reduces the amount of air or water
34 pollution resulting from the emission of air contaminants or the discharge of sewage and
35 industrial wastes or other polluting materials or substances into the outdoor atmosphere
36 or into streams, lakes, or rivers, upon condition that the corporation claiming such
37 deduction shall furnish to the Secretary a certificate from the Department of Natural
38 Resources and Community Development or from a local air pollution control program
39 for air-cleaning devices located in an area where the Environmental Management
40 Commission has certified a local air pollution control program pursuant to G.S. 143-
41 215.112 certifying that said Department or local air pollution control program has found
42 as a fact that the air-cleaning device, waste treatment plant or pollution abatement
43 equipment purchased or constructed and installed as above described has actually been
44 constructed and installed and that such device, plant or equipment complies with the

1 requirements of ~~said~~ the Environmental Management Commission or local air pollution
2 control program with respect to such devices, plants or equipment, that such device,
3 plant or equipment is being effectively operated in accordance with the terms and
4 conditions set forth in the permit, certificate of approval, or other document of approval
5 issued by the Environmental Management Commission or local air pollution control
6 program and that the primary purpose thereof is to reduce air or water pollution
7 resulting from the emission of air contaminants or the discharge of sewage and waste
8 and not merely incidental to other purposes and functions. The cost of constructing
9 facilities of any private or public utility built for the purpose of providing sewer service
10 to residential and outlying areas shall be treated as deductible for the purposes of this
11 section; the deductible liability allowed by this section shall apply only with respect to
12 such pollution abatement plants or equipment constructed or installed on or after
13 January 1, 1955.

14 In determining the total tax payable by any corporation under this section, there shall
15 be allowed as a credit on such tax the amount of the credit authorized by Division V of
16 Article 4 of this Chapter.

17 (e) Any corporation which changes its income year, and files a 'short period'
18 income tax return pursuant to G.S. 105-130.15 shall file a franchise tax return in
19 accordance with the provisions of this section in the manner and as of the date specified
20 in subsection (a) of this section. Such corporation shall be entitled to deduct from the
21 total franchise tax computed (on an annual basis) on such return the amount of franchise
22 tax previously paid which is applicable to the period subsequent to the beginning of the
23 new income year.

24 (f) The report, statement and tax required by this section shall be in addition to
25 all other reports required or taxes levied and assessed in this State.

26 (g) Counties, cities and towns shall not levy a franchise tax on corporations taxed
27 under this section."

28 Sec. 2. G.S. 105-130.10 reads as rewritten:

29 **"§ 105-130.10. Amortization of air-cleaning devices, waste treatment facilities and**
30 **recycling facilities.**

31 In lieu of any depreciation allowance, at the option of the corporation, a deduction
32 shall be allowed for the amortization, based on a period of 60 months, of the cost of:

- 33 (1) Any air-cleaning device, sewage or waste treatment plant, including
34 waste lagoons, and pollution abatement equipment purchased or
35 constructed and installed which reduces the amount of air or water
36 pollution resulting from the emission of air contaminants or the
37 discharge of sewage, industrial waste, or other polluting materials or
38 substances into the outdoor atmosphere or streams, lakes, rivers, or
39 coastal waters. The deduction provided herein shall apply also to the
40 facilities or equipment of private or public utilities built and installed
41 primarily for the purpose of providing sewer service to residential and
42 outlying areas. The deduction provided for in this subdivision shall be
43 allowed by the Secretary of Revenue only upon the condition that the
44 corporation claiming such allowance shall furnish to the Secretary a

1 certificate from the Department of Natural Resources and Community
2 Development or from a local air pollution control program for air-
3 cleaning devices located in an area where the Environmental
4 Management Commission has certified a local air pollution control
5 program pursuant to G.S. 143-215.112 certifying that the
6 Environmental Management Commission or local air pollution control
7 program has found as a fact that the air-cleaning device, waste
8 treatment plant or other pollution abatement equipment purchased or
9 constructed and installed as above described has actually been
10 constructed and installed and that such construction, plant or
11 equipment complies with the requirements of ~~said~~ the Environmental
12 Management Commission or local air pollution control program with
13 respect to such devices, construction, plants or equipment, that such
14 device, plant or equipment is being effectively operated in accordance
15 with the terms and conditions set forth in the permit, certificate of
16 approval, or other document of approval issued by the Environmental
17 Management Commission or local air pollution control program, and
18 that the primary purpose thereof is to reduce air or water pollution
19 resulting from the emission of air contaminants or the discharge of
20 sewage and waste and not merely incidental to other purposes and
21 functions.

22 (2) Purchasing and installing equipment or constructing
23 facilities for the purpose of recycling or resource recovering of or
24 from solid waste, or for the purpose of reducing the volume of
25 hazardous waste generated. The deduction provided for in this
26 subdivision shall be allowed by the Secretary of Revenue only upon
27 the condition that the corporation claiming such allowance shall
28 furnish to the Secretary a certificate from the Department of Human
29 Resources certifying that the Department of Human Resources has
30 found as a fact that the equipment or facility has actually been
31 purchased, installed or constructed, that it is in conformance with all
32 rules and regulations of the Department of Human Resources, and
33 that recycling or resource recovering is the primary purpose of the
34 facility or equipment."

35 Sec. 3. G.S. 105-147(13) reads as rewritten:

36 "(13) In lieu of any depreciation allowance pursuant to this section, at the
37 option of the taxpayer, an allowance with respect to the amortization, based on a period
38 of 60 months, of the cost of:

39 a. Any air-cleaning device, sewage or waste treatment plant,
40 including waste lagoons and pollution abatement equipment
41 purchased or constructed and installed which reduces the
42 amount of air or water pollution resulting from the discharge of
43 sewage and industrial wastes or other polluting materials or
44 substances into streams, lakes, or rivers, or the emission of air

1 contaminants into the outdoor atmosphere. The deduction
2 provided herein shall apply to the facilities or equipment of
3 private or public utilities built and installed primarily for the
4 purpose of providing sewer service to residential and outlying
5 areas. The deduction provided for the items enumerated in this
6 paragraph shall be allowed by the Secretary only upon the
7 condition that the person or firm claiming such allowance shall
8 furnish to the Secretary a certificate from the Department of
9 Natural Resources and Community Development or from a
10 local air pollution control program for air-cleaning devices
11 located in an area where the Environmental Management
12 Commission has certified a local air pollution control program
13 pursuant to G.S. 143-215.112 certifying that said—the
14 Environmental Management Commission or local air pollution
15 control program has found as a fact that the waste treatment
16 plant, air-cleaning device, or air or water pollution abatement
17 equipment purchased or constructed and installed as above
18 described has actually been constructed and installed and that
19 such plant or equipment complies with the requirements of ~~said~~
20 the Environmental Management Commission or local air
21 pollution control program with respect to such plants or
22 equipment, that such plant, device, or equipment is being
23 effectively operated in accordance with the terms and
24 conditions set forth in the permit, certificate of approval, or
25 other document of approval issued by the Environmental
26 Management Commission or local air pollution control
27 program, and that the primary purpose thereof is to reduce air or
28 water pollution resulting from the emission of air contaminants
29 or the discharge of sewage and waste and not merely incidental
30 to other purposes and functions.

- 31 b. Purchasing and installing equipment or constructing facilities
32 for the purpose of recycling or resource recovering of or from
33 solid waste, or for the purpose of reducing the volume of
34 hazardous waste generated. The deduction provided for the
35 items enumerated in this paragraph shall be allowed by the
36 Secretary of Revenue only upon the condition that the person
37 claiming such allowance shall furnish to the Secretary a
38 certificate from the Department of Human Resources certifying
39 that the Department of Human Resources has found as a fact
40 that the equipment or facility has actually been purchased,
41 installed or constructed, that it is in conformance with all rules
42 and regulations of the Department of Human Resources, and
43 that recycling or resource recovering is the primary purpose of
44 the facility or equipment.

- 1 c. Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 826, s. 8,
2 effective June 30, 1986.
- 3 d. Any equipment mandated by the Occupational Safety and
4 Health Act, including the cost of planning, acquiring,
5 constructing, modifying, and installing said equipment.

6 The term 'equipment mandated by the Occupational Safety and
7 Health Act' has the same meaning as in G.S. 105-130.10A."

8 Sec. 4. G.S. 105-275(8) reads as rewritten:

9 "(8) a. Real and personal property that is used or, if under
10 construction, is to be used exclusively for air cleaning or waste
11 disposal or to abate, reduce, or prevent the pollution of air or
12 water (including, but not limited to, waste lagoons and facilities
13 owned by public or private utilities built and installed primarily
14 for the purpose of providing sewer service to areas that are
15 predominantly residential in character or areas that lie outside
16 territory already having sewer service), if the ~~{Department of~~
17 ~~Natural Resources and Community Development}~~ Department of
18 Natural Resources and Community Development or a local air
19 pollution control program for air-cleaning devices located in an
20 area where the Environmental Management Commission has
21 certified a local air pollution control program pursuant to G.S.
22 143-215.112 furnishes a certificate to the tax supervisor of the
23 county in which the property is situated or to be situated stating
24 that the Environmental Management Commission or local air
25 pollution control program has found that the described property:

- 26 1. Has been or will be constructed or installed;
27 2. Complies with or that plans therefor which
28 have been submitted to the Environmental
29 Management Commission or local air pollution control
30 program indicate that it will comply with the
31 requirements of the Environmental Management
32 Commission or local air pollution control program;
33 3. Is being effectively operated or will, when
34 completed, be required to operate in accordance with
35 the terms and conditions of the permit, certificate of
36 approval, or other document of approval issued by the
37 Environmental Management Commission or local air
38 pollution control program; and
39 4. Has or, when completed, will have as its primary rather
40 than incidental purpose the reduction of water pollution
41 resulting from the discharge of sewage and waste or the
42 reduction of air pollution resulting from the emission of
43 air contaminants.

1 b. Real or personal property that is used or, if under
2 construction, is to be used exclusively for recycling or
3 resource recovering of or from solid waste, if the Department
4 of Human Resources furnishes a certificate to the tax
5 supervisor of the county in which the property is situated
6 stating the Department of Human Resources has found that
7 the described property has been or will be constructed or
8 installed, complies or will comply with the regulations of the
9 Department of Human Resources, and has, or will have as its
10 primary purpose recycling or resource recovering of or from
11 solid waste.

12 c. Tangible personal property that is used exclusively, or if being
13 installed, is to be used exclusively, for the prevention or
14 reduction of cotton dust inside a textile plant for the protection
15 of the health of the employees of the plant, in accordance with
16 occupational safety and health standards adopted by the State
17 of North Carolina pursuant to Article 16 of G.S. Chapter 95.
18 The Department of Revenue shall adopt guidelines to assist the
19 tax supervisors in administering this exclusion."

20 Sec. 5. This act is effective for taxable years beginning on or after January 1,

21 1989.