

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 936

Short Title: Deficit Reduction Surtax.

(Public)

Sponsors: Senator Goldston.

Referred to: Finance.

May 13, 1991

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A ONE-TIME INCOME TAX SURTAX ON CORPORATIONS AND INDIVIDUALS TO PROVIDE FUNDS TO MEET THE BUDGET DEFICIT.

The General Assembly of North Carolina enacts:

Section 1. Article 4 of Chapter 105 of the General Statutes is amended by adding a new Division to read:

“DIVISION VI. SURTAX FOR DEFICIT SPENDING.

“§ 105-163.015. Definitions.

The definitions provided in G.S. 105-130.2 and G.S. 105-134.1 apply in this Division except that, as used in this Division, the term ‘taxpayer’ means a corporation or an individual subject to the tax imposed by Division I or Division II of this Article.

“§ 105-163.016. Purpose.

The purpose of this Division is to provide funds to cover the deficit created when the General Assembly budgets spending in an amount that exceeds available revenue. The tax provided in this Division shall apply only in years in which the General Assembly specifically levies the tax to cover the anticipated budget deficit for the upcoming fiscal year.

“§ 105-163.017. Surtax.

Every corporation required to file a return under Division I of this Article for the 1991 tax year shall pay an income tax surtax equal to one percent (1%) of the corporation's net income taxable under Division I. The surtax is due at the time prescribed in G.S. 105-130.17 for filing corporation income tax returns. Every individual required to file a return under Division II of this Article for the 1991 tax year

1 shall pay an income tax surtax equal to one percent (1%) of the individual's North
2 Carolina Taxable Income. The surtax is due at the time prescribed in G.S. 105-155 for
3 filing individual income tax returns.

4 **"§ 105-163.018. Estimated tax.**

5 Every taxpayer subject to the tax levied under this Division shall file a declaration of
6 estimated tax to the Secretary on or before December 15 preceding the date the surtax is
7 due. In the declaration of estimated taxes, each individual shall state the individual's
8 North Carolina Taxable Income for the preceding tax year and shall pay an amount
9 equal to the rate provided in G.S. 105-163.017 applied to the North Carolina Taxable
10 Income for the preceding tax year. In the declaration of estimated taxes, each
11 corporation shall state its net income taxable under Division I of this Article for the
12 preceding tax year and shall pay an amount equal to the rate provided in G.S. 105-
13 163.017 applied to the net income taxable under Division I of this Article for the
14 preceding tax year.

15 **"§ 105-163.019. Administration.**

16 Except as otherwise provided in this Division, the tax levied under this Division
17 shall be administered in the same manner as the tax levied under Division I of this
18 Article with respect to corporations and the tax levied under Division II of this Article
19 with respect to individuals. On or before October 1 of each year, the Secretary shall
20 mail to each taxpayer the Secretary identifies as subject to the tax levied under this
21 Division a return for filing the estimated tax provided in G.S. 105-163.017 and
22 instructions to ensure the full collection of the tax. The return and instructions shall
23 clearly state that the purpose of the surtax for deficit spending is to provide funds to
24 cover the deficit created when the General Assembly budgets spending in an amount
25 that exceeds available revenue.

26 The Secretary shall provide space on the returns to be filed under Divisions I and II
27 of this Article for taxpayers to pay the tax levied under this Division. Payments of
28 estimated tax pursuant to G.S. 105-163.017 shall be credited against the tax due under
29 this Division. If the Secretary finds that the estimated tax paid by the taxpayer exceeds
30 that amount of tax imposed on the taxpayer under this Division, the Secretary shall
31 refund the amount of the overpayment in accordance with the provisions of Article 9 of
32 this Chapter."

33 Sec. 2. This act is effective for taxable years beginning on or after January 1,
34 1991.