

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 79

Short Title: Qualified Business Investment Credit.

(Public)

Sponsors: Representatives Gamble, Jarrell, Justus, Luebke, Tallent; Bowman, Redwine, Smith, and Wright.

Referred to: Finance.

February 9, 1993

A BILL TO BE ENTITLED

AN ACT TO PROMOTE ECONOMIC DEVELOPMENT BY EXTENDING THE EXISTING TAX CREDIT FOR QUALIFIED BUSINESS INVESTMENTS TO APPLY TO INVESTMENTS BY PARTNERSHIPS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-163.011 is amended by adding a new subsection (b1) to read:

"(b1) Partnerships. – Subject to the limitations contained in G.S. 105-163.012, a partnership that invests in the equity securities or subordinated debt of (i) a qualified investment organization, (ii) a qualified business venture, (iii) a qualified grantee business, or (iv) a North Carolina Enterprise Corporation is eligible for a tax credit for the taxable year equal to twenty-five percent (25%) of the amount invested or seven hundred fifty thousand dollars (\$750,000), whichever is less. The partnership may not take the credit for the year in which the investment is made by the partnership but shall take the credit for the taxable year of the partnership beginning during the calendar year following the calendar year in which the investment was made by the partnership.

Each individual who is a partner in a partnership is allowed as a credit against the tax imposed by Division II of this Article for the taxable year an amount equal to the partner's distributive share of the tax credits for which the partnership is eligible under this subsection. The amount of the credit allowed an individual under this section may not exceed one hundred thousand dollars (\$100,000) in a taxable year.

Each corporation that is a partner in the partnership is allowed as a credit against the income tax imposed by Division I of this Article, the franchise tax imposed by G.S.

1 105-116, 105-120.2, and 105-122, or the gross premiums tax imposed by G.S. 105-  
2 228.5 and G.S. 105-228.8 for the taxable year an amount equal to the partner's  
3 distributive share of the tax credits for which the partnership is eligible under this  
4 subsection as a result of the partnership's investment in equity securities of a North  
5 Carolina Enterprise Corporation or a qualified investment organization. The amount of  
6 the credit allowed a corporation under this section may not exceed seven hundred fifty  
7 thousand dollars (\$750,000) in a taxable year.

8 If a partner's share of the partnership credit is limited due to the maximum allowable  
9 credit under this section for a taxable year or a corporate partner is not eligible for the  
10 credit because the investment was not in a North Carolina Enterprise Corporation or a  
11 qualified investment organization, the partnership may not reallocate the unused credit  
12 among its other partners."

13 Sec. 2. G.S. 105-163.012(a) reads as rewritten:

14 "(a) The credit allowed a taxpayer under G.S. 105-163.011 may not exceed the  
15 amount of income tax imposed by Division I or II of this Article, the amount of  
16 franchise tax imposed by Article 3 of this Chapter, or the amount of gross premiums tax  
17 imposed by Article 8B of this Chapter, as appropriate, for the taxable year reduced by  
18 the sum of all other credits allowable except tax payments made by or on behalf of the  
19 taxpayer. The amount of unused credit allowed under G.S. 105-163.011 may be carried  
20 forward for the next five succeeding years. The one hundred thousand dollar  
21 (\$100,000) and seven hundred fifty thousand dollar (\$750,000) limitations on the  
22 amount of credit allowed a taxpayer under G.S. 105-163.011 do not apply to unused  
23 amounts carried forward under this subsection."

24 Sec. 3. This act is effective upon ratification and applies to investments made  
25 on or after January 1, 1993.