

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1527

Short Title: Repeal Intangibles Tax.

(Public)

Sponsors: Senators Kerr; and Albertson.

Referred to: Finance.

May 25, 1994

A BILL TO BE ENTITLED

AN ACT TO REPEAL THE INTANGIBLES TAX AND INCREASE OTHER TAXES
TO PROVIDE REVENUES TO REIMBURSE LOCAL GOVERNMENTS FOR
THE LOSS OF THE INTANGIBLES TAX REVENUE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-213.1 is recodified as G.S. 105-275.2. The remainder of Article 7 of Chapter 105 of the General Statutes is repealed. Any taxes collected pursuant to Article 7 of Chapter 105 of the General Statutes on or after the date the Article is repealed shall remain in the General Fund and any refunds made on or after the date the Article is repealed of taxes collected pursuant to that Article shall be charged to the General Fund.

Sec. 2. G.S. 105-275 is amended by adding the following new subdivisions:

"(31a) Accounts receivable.

(31b) Bonds, notes, and other evidences of debt.

(31c) Shares of stock, including shares and units of ownership of mutual funds, investment trusts, and investment funds.

(31d) The beneficial or equitable interest in a trust, trust fund, or trust account, including custodial accounts, held by a foreign fiduciary."

Sec. 3. G.S. 105-213.1, as recodified as G.S. 105-275.2 by Section 1 of this act, reads as rewritten:

"§ 105-275.2. **Reimbursement to counties and municipalities for ~~partial~~ repeal of State tax on intangible personal property.**

(a) Reimbursement for Repeal of Tax on Money on Deposit, Money on Hand, and Funds on Deposit with Insurance Companies. – On or before August 30 of each

1 year, the Secretary of Revenue shall allocate for distribution to each county and the
2 municipalities in the county the amount allocated to the county under this subsection in
3 1990.

4 ~~Amounts allocated to a county under this subsection shall in turn be divided and~~
5 ~~distributed between the county and the municipalities located in the county in~~
6 ~~accordance with the method of allocating intangible tax revenue between a county and~~
7 ~~the municipalities located in the county provided in G.S. 105-213.~~

8 (a1) Reimbursement for Partial Repeal of Tax on Accounts Receivable. – On or
9 before August 30 of each year, the Secretary of Revenue shall distribute to counties and
10 municipalities an amount equal to forty percent (40%) of the tax collected on accounts
11 receivable under former Article 7 of this Chapter (repealed) during the 1989-90 fiscal
12 year. ~~The Secretary of Revenue shall first allocate the amount to be distributed in this~~
13 ~~subsection to the counties in the same manner as the amount allocated in G.S. 105-213. The~~
14 ~~amount allocated to each county shall in turn be divided and distributed between the county and~~
15 ~~the municipalities located in the county in accordance with the method of allocating intangible~~
16 ~~tax revenue between a county and the municipalities located in the county provided in G.S.~~
17 ~~105-213. The Secretary shall allocate this amount among the counties in proportion to~~
18 ~~the amount allocated to each county under former G.S. 105-213 (repealed) in August~~
19 ~~1994.~~

20 (a2) Reimbursement for Repeal of Tax on Accounts Receivable, Bonds, Stocks,
21 and Foreign Trust Interests. – On or before August 30 of each year, the Secretary shall
22 distribute to counties and municipalities the base amount for that year minus the
23 deduction for local cost items for that year. The Secretary shall allocate this amount
24 among the counties in proportion to the amount allocated to each county under former
25 G.S. 105-213 (repealed) in August 1994.

26 For 1995, the base amount is the amount of revenue collected under former Article 7
27 of this Chapter (repealed) during the 1989-90 fiscal year. Each year thereafter, the
28 base amount is one hundred three percent (103%) of the base amount for the previous
29 year. Each year, the deduction for local cost items is an amount equal to the costs
30 during the preceding fiscal year of:

- 31 (1) The Department of Revenue in performing the duties imposed by
32 Article 15 of this Chapter.
- 33 (2) The Property Tax Commission.
- 34 (3) The Institute of Government in operating a training program in
35 property tax appraisal and assessment.
- 36 (4) The personnel and operations provided by the Department of State
37 Treasurer for the Local Government Commission.
- 38 (5) Refunds made during the fiscal year of taxes levied under former
39 Article 7 of this Chapter (repealed).
- 40 (6) The Department of Revenue to collect and administer the taxes levied
41 under former Article 7 of this Chapter (repealed).

42 (a3) Distribution Between County and its Municipalities. – The amounts allocated
43 to each county under this section shall be allocated between the county and the
44 municipalities in the county in proportion to the total amount of ad valorem taxes levied

1 by each during the fiscal year preceding the distribution. In dividing these amounts
2 between each county and its municipalities, the Secretary of Revenue shall treat taxes
3 levied by a merged school administrative unit described in G.S. 115C-513 in a part of
4 the unit located in a county as taxes levied by the county in which that part is located.

5 After making these allocations, the Secretary shall certify to the State Controller and
6 to the State Treasurer the amount to be distributed to each county and municipality in
7 the State. The State Controller shall then issue a warrant on the State Treasurer to each
8 county and municipality in the amount certified.

9 For the purpose of computing the distribution to any county and the municipalities
10 located in the county for any year with respect to which the property valuation of a
11 public service company is the subject of an appeal and the Department of Revenue is
12 restrained by law from certifying the valuation to the county and the municipalities in
13 the county, the Department shall use the last property valuation of the public service
14 company that has been certified.

15 The chair of each board of county commissioners and the mayor of each
16 municipality shall report to the Secretary of Revenue information requested by the
17 Secretary to enable the Secretary to allocate the amount distributed by this section. If a
18 county or municipality fails to make a requested report within the time allowed, the
19 Secretary may disregard the county or municipality in allocating the amount distributed
20 by this section.

21 (b) Restrictions on Use. — ~~Amounts distributed to a county or a municipality~~
22 ~~under this section are subject to the same restrictions as amounts distributed under G.S.~~
23 ~~105-213. The amount distributed to each county and municipality shall be used by the~~
24 ~~county or municipality in proportion to property tax levies made by it for the various~~
25 ~~funds and activities of the county or municipality, unless the county or municipality has~~
26 ~~pledged the amount to be distributed to it under this section in payment of a loan~~
27 ~~agreement with the North Carolina Solid Waste Management Capital Projects Financing~~
28 ~~Agency. A county or municipality that has pledged amounts distributed under this~~
29 ~~section in payment of a loan agreement with the Agency may apply the amount the loan~~
30 ~~agreement requires.~~

31 (e) Municipality Defined. — ~~As used in this section, the term 'municipality' has~~
32 ~~the same meaning as in G.S. 105-213.~~

33 (d) Source. — Funds distributed under this section shall be drawn from collections
34 received under Division II of Article 4 of this Chapter."

35 Sec. 4. Division I of Article 4 of Chapter 105 of the General Statutes is
36 amended by adding a new section to read:

37 "**§ 105-134.2A. Supplemental income tax imposed.**

38 (a) Tax. — A tax is imposed upon every resident individual's net income from
39 intangibles at the rate of one percent (1%). This tax is in addition to the tax imposed in
40 G.S. 105-134.2 and shall be levied, collected, and paid annually in the same manner as
41 the tax levied in G.S. 105-134.2. An individual's net income from intangibles is the
42 lesser of (i) the individual's North Carolina net income or (ii) the individual's net capital
43 gains and dividend income, as determined under the Code, from intangible personal

1 property described in G.S. 105-275(31b) and (31c) and net interest income, as
2 determined under the Code, from intangible personal property.

3 (b) Exemptions. – The tax levied in this section does not apply to income:

4 (1) From an obligation of (i) the United States or its possessions, (ii) this
5 State or a political subdivision of this State, or (iii) a nonprofit
6 educational institution organized or chartered under the laws of this
7 State.

8 (2) Deductible under G.S. 105-134.6(b)(2).

9 (3) From units of ownership in an investment trust, the corpus of which is
10 composed entirely of obligations described in subdivisions (1) and (2)
11 of this subsection, at least eighty percent (80%) of the fair market
12 value of which represents obligations of this State. In order for the
13 exemption described in this subdivision to apply, the trustees of the
14 investment trust must provide the Secretary not later than December
15 31 of each year information in the form required by the Secretary
16 sufficient to establish the applicability of the exemption."

17 Sec. 5. Division III of Article 4 of Chapter 105 of the General Statutes is
18 amended by adding a new section to read:

19 **"§ 105-160.2A. Supplemental tax.**

20 A tax is imposed upon every trust's and every estate's net income from intangibles
21 that is for the benefit of a resident of this State. The tax shall be at the rate of one
22 percent (1%). This tax is in addition to the tax imposed in G.S. 105-160.2 and shall be
23 levied, collected, and paid annually in the same manner as the tax levied in G.S. 105-
24 160.2. A trust's or estate's net income from intangibles is the lesser of (i) the trust's or
25 estate's income taxable under G.S. 105-160.2 or (ii) the trust's or estate's net capital
26 gains and dividend income, as determined under the Code, from intangible personal
27 property described in G.S. 105-275(31b) and (31c) and net interest income, as
28 determined under the Code, from intangible personal property. The tax levied in this
29 section does not apply to income exempt from the tax under G.S. 105-134.2A(b)."

30 Sec. 6. G.S. 105-151.19 is repealed.

31 Sec. 7. G.S. 105-130.7 reads as rewritten:

32 **"§ 105-130.7. Deductible portion of dividends.**

33 Dividends from stock issued by any a corporation shall be deducted to the extent herein
34 provided. are deductible to the extent provided in this section.

35 (1) As soon as may be practicable after September 30 of each year, the
36 Secretary of Revenue shall determine from the corporate income tax
37 return filed during the year ending September 30 by each corporation
38 required to file a return during that period the proportion of the entire
39 net income or loss of the corporation allocable to this State under the
40 provisions of G.S. 105-130.4, except as provided herein. If a
41 corporation has a net income in North Carolina and a net loss from all
42 sources wherever located, or if a corporation has a net loss in North
43 Carolina and a net income from all sources wherever located, the
44 Secretary shall require the use of the allocation fraction determined

1 under the provisions of G.S. 105-130.4. A corporation which is a
2 stockholder in any such corporation shall be allowed to deduct the
3 same proportion of the dividends received by it from such corporation
4 during its income year ending on or after September 30. No deduction
5 shall be allowed for any part of any dividend received from any
6 corporation that was required to file an income tax return during the
7 year ending September 30 but failed to file the return. In the case of
8 dividends received from a corporation that was not required to file a
9 return during the year ending September 30, the proportion of
10 dividends deductible by the stockholder shall be determined by the
11 Secretary from the best information available.

12 (2) Dividends received by a corporation from stock in any insurance
13 company of this State taxed under the provisions of G.S. 105-228.5
14 shall be deductible by such corporation, and a proportionate part of
15 any dividends received from stock in any foreign insurance
16 corporation shall be deductible, such part to be determined on the basis
17 of the ratio of premiums reported for taxation in this State to total
18 premiums collected both in and out of this State.

19 (3) A corporation shall be allowed to deduct such proportionate part of
20 dividends received by it from a regulated investment company or a real
21 estate investment trust, as defined in G.S. 105-130.12, as represents
22 and corresponds to income received by such regulated investment
23 company or real estate investment trust which would not be taxed by
24 this State if received directly by the corporation.

25 (3a) Dividends received on shares of capital stock owned in a stock-owned
26 savings and loan association taxed under Article 8D of this Chapter
27 shall be deductible.

28 (4) Notwithstanding ~~the provisions of subdivisions (1) through (3a) any~~
29 other provision of this section, a corporation ~~which, at the close of its~~
30 taxable year, has its commercial domicile within North Carolina shall
31 be allowed to may deduct all dividends received from corporations in
32 which it owns more than fifty percent (50%) of the outstanding voting
33 stock.

34 (5) Notwithstanding any other provisions of this Division, a corporation
35 ~~which that~~ is a shareholder in a holding company ~~shall be allowed as a~~
36 deduction may deduct an amount equal to those dividends received by
37 it from ~~such the~~ holding company, multiplied by a fraction, the
38 numerator of which ~~shall be is~~ the dividends received by ~~such the~~
39 holding company ~~attributable to North Carolina, that are deductible by it~~
40 under subdivisions (2) through (3a) of this section and the denominator
41 of which ~~shall be is~~ the gross dividends received by ~~such the~~ holding
42 company. company; provided, however, that no deduction shall be allowed
43 where the fraction is smaller than one-third (1/3). For purposes of this
44 section, 'dividends attributable to North Carolina' shall be the amount of

1 dividend income received by the holding company on stock owned in other
2 corporations equal to the total of the proportion of each of such corporation's
3 dividends as shall be determined deductible by the Secretary under
4 subdivisions (1) through (3a) of this section; provided that a A holding
5 company ~~which that~~ owns more than fifty percent (50%) of the
6 outstanding voting stock of one or more holding companies as defined
7 in this subdivision ~~shall be permitted~~ is allowed a deduction for all
8 dividends received from ~~such those~~ holding companies and all other
9 corporations in which it owns more than fifty percent (50%) of the
10 outstanding voting stock. ~~stock except that no deduction shall be allowed~~
11 ~~if less than one third (1/3) of the dividends received by the holding company~~
12 ~~are attributable to North Carolina. A shareholder of such a holding company~~
13 ~~shall determine the deductible portion of its dividends received from such~~
14 ~~holding company as hereinabove provided except that the amounts received~~
15 ~~from a subsidiary holding company as 'dividends attributable to North~~
16 ~~Carolina' shall be determined as though the subsidiary corporation of the~~
17 ~~subsidiary holding company had paid the dividends directly to the parent~~
18 ~~holding company. For the purposes of this section and unless the context~~
19 ~~clearly requires a different meaning, As used in this section, the term~~
20 ~~'holding company' shall mean any means a corporation subject to the~~
21 ~~tax imposed by G.S. 105-130.3 whose ordinary gross income consists~~
22 ~~of fifty percent (50%) or more of dividend income received from~~
23 ~~corporations in which it owns more than fifty percent (50%) of the~~
24 ~~outstanding voting stock, and 'subsidiary' shall mean any corporation, more~~
25 ~~than fifty percent (50%) of whose outstanding voting stock is owned by~~
26 ~~another corporation. For the purposes of this subsection, stock. As used in~~
27 this subdivision, the term 'dividend' includes, in addition to corporate
28 dividends, distributions received from a partnership by a corporation
29 owning more than a fifty percent (50%) interest in the partnership.

- 30 (6) In no case shall the total amount of dividends that are allowed as a
31 deduction to a corporation as a result of the application of subdivisions
32 ~~(1)-(2)~~ through (3a) of this section be in excess of fifteen thousand
33 dollars (\$15,000) for the taxable year."

34 Sec. 8. G.S. 105-276 reads as rewritten:

35 **"§ 105-276. Taxation of intangible personal property.**

36 Intangible personal property that is not excluded from taxation under G.S. 105-
37 ~~275(31) or classified under Schedule H, G.S. 105-198 through G.S. 105-217, 105-275~~
38 ~~is subject to this Subchapter. The classification of such property for taxation under~~
39 ~~Schedule H shall not exclude the property from the system property valuation of public~~
40 ~~service companies under Article 23 provided proper adjustments are made to prevent~~
41 ~~duplicate taxation."~~

42 Sec. 9. G.S. 105-305 reads as rewritten:

43 **"§ 105-305. Place for listing intangible personal property.**

44 (a) Listing Instructions. – This section ~~shall apply~~ applies to all taxable intangible
45 personal property that has a tax situs in this State, ~~that State and~~ is not required by this

1 Subchapter to be appraised originally by the Department of Revenue, and that is not
2 subject to taxation under the provisions of Schedule H, G.S. 105-198 through 105-217-
3 Revenue. The place in this State at which ~~such~~ this property is taxable shall be
4 determined according to the rules prescribed in subsections (b) through (e), below, ~~as~~
5 provided in this section. The person whose duty it is to list property shall list it in the
6 county in which the place of taxation is located, indicating on the abstract the
7 information required by G.S. 105-309(d). If the place of taxation lies within a city or
8 town that requires separate listing under G.S. 105-326(a), the person whose duty it is to
9 list shall also list the property for taxation in the city or town.

10 (b) General Rule. – Except as otherwise provided in subsections (c) through (e),
11 ~~below, (e) of this section,~~ intangible personal property shall be taxable at the residence
12 of the owner. For the purposes of this section:

13 (1) The residence of a person who has two or more places in this State at
14 which ~~he~~ the person occasionally dwells shall be the place at which ~~he~~
15 the person dwelt for the longest period of time during the calendar year
16 immediately preceding the date as of which property is to be listed for
17 taxation.

18 (2) The residence of a domestic or foreign taxpayer other than an
19 individual person shall be the place at which its principal North
20 Carolina office is located.

21 (c) Intangible personal property representing an interest or interests in real
22 property that is situated in this State shall be taxable in the place in which the
23 represented real property is located.

24 (d) The intangible personal property of a decedent whose estate is in the process
25 of administration or has not been distributed shall be taxable in the place at which it
26 would be taxable if the decedent were still alive and still residing in the place at which
27 ~~he~~ the decedent resided at the time of ~~his~~ death.

28 (e) Intangible personal property within the jurisdiction of the State held by a
29 resident or nonresident trustee, guardian, or other fiduciary having legal title to the
30 property shall be taxable in accordance with the following rules:

31 (1) If ~~any~~ a beneficiary is a resident of the State, an amount representing
32 ~~his~~ the beneficiary's portion of the property shall be taxable in the
33 place at which it would be taxable if ~~he~~ the beneficiary were the owner
34 of ~~his~~ that portion.

35 (2) If ~~any~~ a beneficiary is a nonresident of the State, an amount
36 representing ~~his~~ the beneficiary's portion of the property shall be
37 taxable in the place at which it would be taxable if the fiduciary were
38 the beneficial owner of the property."

39 Sec. 10. G.S. 105-120.2 reads as rewritten:

40 "**§ 105-120.2. Franchise or privilege tax on holding companies.**

41 (a) ~~Every corporation, domestic and foreign, incorporated or, by an act,~~
42 ~~domesticated under the laws of this State or doing business in this State which, at the~~
43 ~~close of its taxable year is a holding company as defined in subsection (c) of this~~
44 ~~section, shall, pursuant to the provisions of G.S. 105-122:~~

- 1 (1) Make a report and statement, and
2 (2) Determine the total amount of its issued and outstanding capital stock, surplus
3 and undivided profits, and
4 (3) Apportion such outstanding capital stock, surplus and undivided profits to
5 this State.

6 Tax. – An annual privilege tax is imposed on holding companies. This tax is in lieu
7 of the tax imposed by G.S. 105-122. A holding company shall report and pay the tax at
8 the time set in G.S. 105-122 for reporting and paying the tax imposed by that section.

- 9 (b) (1) ~~Every corporation taxed under this section shall annually pay~~
10 ~~to the Secretary of Revenue, at the time the report and statement are~~
11 ~~due, a franchise or privilege tax, which is hereby levied, at the rate~~
12 ~~of one dollar and fifty cents (\$1.50) per one thousand dollars~~
13 ~~(\$1,000) of the amount determined under subsection (a) of this~~
14 ~~section, but in no case shall the tax be more than seventy five~~
15 ~~thousand dollars (\$75,000) nor less than thirty five dollars (\$35.00).~~
16 (2) ~~Notwithstanding the provisions of subdivision (1) of this subsection, if~~
17 ~~the tax produced pursuant to application of this paragraph (2) exceeds~~
18 ~~the tax produced pursuant to application of subdivision (1), then the~~
19 ~~tax shall be levied at the rate of one dollar and fifty cents (\$1.50) per~~
20 ~~one thousand dollars (\$1,000) on the greater of the amounts of~~
21 a. ~~Fifty five percent (55%) of the appraised value as determined~~
22 ~~for ad valorem taxation of all the real and tangible personal~~
23 ~~property in this State of each such corporation plus the total~~
24 ~~appraised value of intangible property returned for taxation of~~
25 ~~intangible personal property as computed under G.S. 105-~~
26 ~~122(d); or~~
27 b. ~~The total actual investment in tangible property in this State of~~
28 ~~such corporation as computed under G.S. 105- 122(d).~~

29 Rate. – The tax rate is two dollars (\$2.00) for each one thousand dollars (\$1,000)
30 value of the greatest of:

- 31 (1) The holding company's issued and outstanding capital stock, surplus,
32 and undivided profits determined in accordance with G.S. 105-122.
33 (2) Fifty-five percent (55%) of the appraised value as determined for ad
34 valorem tax purposes of the holding company's real and tangible
35 personal property in this State as determined annually under G.S. 105-
36 122(d).
37 (3) The holding company's investment in tangible property in this State
38 determined in accordance with G.S. 105-122(d).

39 The tax imposed under subdivision (1) of this subsection may not exceed one
40 hundred thousand dollars (\$100,000). The tax imposed by this section may not be less
41 than the minimum tax set in G.S. 105-122.

- 42 (c) ~~For purposes of this section, a~~ Definition. – A 'holding company' is any
43 corporation which a corporation that receives during its taxable year more than eighty

1 percent (80%) of its gross income from corporations in which it owns directly or
2 indirectly more than fifty percent (50%) of the outstanding voting stock.

3 (d) Repealed by Session Laws 1985, c. 656, s. 39.

4 (e) No Local Tax. – Counties, ~~cities~~ cities, and towns shall not levy a franchise
5 tax on ~~corporations~~ a holding company taxed under this section. ~~The tax imposed under the~~
6 ~~provisions of G.S. 105-122 shall not apply to businesses taxed under the provisions of this~~
7 ~~section.~~

8 (f) Credit. – A credit is allowed against the tax imposed by this section for a
9 holding company's investments in certain corporations in accordance with Division V of
10 Article 4 of this Chapter. ~~In determining the total tax payable by any holding company under~~
11 ~~this section, there shall be allowed as a credit on such tax the amount of the credit authorized~~
12 ~~under Division V of Article 4 of this Chapter."~~

13 Sec. 11. G.S. 105-122(d) reads as rewritten:

14 "(d) After determining the proportion of its total capital stock, surplus and
15 undivided profits as set out in subsection (c) of this section, which amount so
16 determined shall in no case be less than fifty-five percent (55%) of the appraised value
17 as determined for ad valorem taxation of all the real and tangible personal property in
18 this State of each such corporation ~~plus the total appraised value of intangible property~~
19 ~~returned for taxation of intangible personal property as herein specified~~ nor less than its total
20 actual investment in tangible property in this State, every corporation taxed under this
21 section shall annually pay to the Secretary of Revenue, at the time the report and
22 statement are due, a franchise or privilege tax, which is hereby levied at the rate of ~~one~~
23 ~~dollar and fifty cents (\$1.50)~~ two dollars (\$2.00) per one thousand dollars (\$1,000) of the
24 total amount of capital stock, surplus and undivided profits as herein provided. The tax
25 imposed in this section shall in no case be less than thirty-five dollars (\$35.00) and shall
26 be for the privilege of carrying on, doing business, and/or the continuance of articles of
27 incorporation or domestication of each such corporation in this State. Appraised value
28 of tangible property including real estate shall be the ad valorem valuation for the
29 calendar year next preceding the due date of the franchise tax return. ~~Appraised value of~~
30 ~~intangible property shall be the total gross valuation required to be reported for intangible tax~~
31 ~~purposes on April 15 coincident with or next preceding the due date of the franchise tax return.~~
32 The term 'total actual investment in tangible property' as used in this section shall be
33 construed to mean the total original purchase price or consideration to the reporting
34 taxpayer of its tangible properties, including real estate, in this State plus additions and
35 improvements thereto less reserve for depreciation as permitted for income tax
36 purposes, and also less any indebtedness incurred and existing by virtue of the purchase
37 of any real estate and any permanent improvements made thereon. In computing 'total
38 actual investment in tangible personal property' there shall also be deducted reserves for
39 the entire cost of any air-cleaning device or sewage or waste treatment plant, including
40 waste lagoons, and pollution abatement equipment purchased or constructed and
41 installed which reduces the amount of air or water pollution resulting from the emission
42 of air contaminants or the discharge of sewage and industrial wastes or other polluting
43 materials or substances into the outdoor atmosphere or into streams, lakes, or rivers,
44 upon condition that the corporation claiming such deduction shall furnish to the

1 Secretary a certificate from the Department of Environment, Health, and Natural
2 Resources or from a local air pollution control program for air-cleaning devices located
3 in an area where the Environmental Management Commission has certified a local air
4 pollution control program pursuant to G.S. 143-215.112 certifying that said Department
5 or local air pollution control program has found as a fact that the air-cleaning device,
6 waste treatment plant or pollution abatement equipment purchased or constructed and
7 installed as above described has actually been constructed and installed and that such
8 device, plant or equipment complies with the requirements of the Environmental
9 Management Commission or local air pollution control program with respect to such
10 devices, plants or equipment, that such device, plant or equipment is being effectively
11 operated in accordance with the terms and conditions set forth in the permit, certificate
12 of approval, or other document of approval issued by the Environmental Management
13 Commission or local air pollution control program and that the primary purpose thereof
14 is to reduce air or water pollution resulting from the emission of air contaminants or the
15 discharge of sewage and waste and not merely incidental to other purposes and
16 functions. The cost of constructing facilities of any private or public utility built for the
17 purpose of providing sewer service to residential and outlying areas shall be treated as
18 deductible for the purposes of this section; the deductible liability allowed by this
19 section shall apply only with respect to such pollution abatement plants or equipment
20 constructed or installed on or after January 1, 1955.

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

24 Sec. 12. G.S. 105-282.1(a)(2) reads as rewritten:

25 "(2) Owners of the special classes of property excluded from taxation under
26 G.S. 105-275(5), (15), (16), (26), (31), (31a), (31b), (31c), (31(d),
27 (32a), (33), (34), or (40), or exempted under G.S. 105-278.2 are not
28 required to file applications for the exclusion or exemption of that
29 property."

30 Sec. 13. G.S. 105-288(d) reads as rewritten:

31 "(d) Expenses. – The members of the Property Tax Commission shall receive
32 travel and subsistence expenses in accordance with G.S. 138-5 and a salary of two
33 hundred dollars (\$200.00) a day when hearing cases. The Secretary of Revenue shall
34 supply all the clerical and other services required by the Commission. All expenses of
35 the Commission and the Department of Revenue in performing the duties enumerated in
36 this Article shall be paid ~~from funds appropriated out of revenue derived from the tax on~~
37 ~~intangible personal property as provided by G.S. 105-213.~~ as provided in G.S. 105-275.2."

38 Sec. 14. G.S. 108A-93 reads as rewritten:

39 "**§ 108A-93. Withholding of State moneys from counties failing to pay public**
40 **assistance costs.**

41 The Director of the Budget ~~is authorized to~~ may withhold from any county that does
42 not pay its full share of public assistance costs to the State and has not ~~arranged for~~
43 ~~payment pursuant to G.S. 108-54.1 or~~ obtained a loan for repayment under G.S. 108A-89,
44 any State moneys appropriated from the General Fund for public assistance and related

1 administrative costs, or ~~to~~ may direct the Secretary of Revenue and State Treasurer
2 Controller to withhold any tax owed to a county under ~~Article 7 of Chapter 105 of the~~
3 ~~General Statutes, G.S. 105-113.82, Article 39 of Chapter 105 of the General Statutes~~
4 Subchapter VIII of Chapter 105 of the General Statutes, or Chapter 1096 of the Session
5 Laws of 1967. The Director of the Budget shall notify the ~~chairman~~ chair of the board of
6 county commissioners of the proposed action prior to the withholding of funds."

7 Sec. 15. Effective January 1, 1996, G.S. 105-275.2(a2)(5) and (6), as enacted
8 by this act, are repealed.

9 Sec. 16. Notwithstanding the provisions of G.S. 105-163.15 and G.S. 105-
10 163.41, no addition to tax shall be made under those sections for a taxable year
11 beginning on or after January 1, 1994, and before January 1, 1995, with respect to any
12 underpayment to the extent the underpayment was created or increased by Section 4, 5,
13 6, or 7 of this act.

14 Sec. 17. Section 3 of this act becomes effective January 1, 1995. The repeal
15 of G.S. 105-213 by Section 1 of this act becomes effective January 1, 1995. Section 15
16 of this act becomes effective January 1, 1996. The remainder of this act is effective for
17 taxable years beginning on or after January 1, 1994. This act does not affect the rights
18 or liabilities of the State, a taxpayer, or another person arising under a statute amended
19 or repealed by this act before its amendment or repeal; nor does it affect the right to any
20 refund or credit of a tax that would otherwise have been available under the amended or
21 repealed statute before its amendment or repeal.