

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1620
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Short Title: Repeal Intangibles Tax.

(Public)

Sponsors: Senators Winner of Buncombe, Hoyle, Sands, Kerr, Perdue, Daniel, Conder, Plyler, Sherron, Lee, Martin of Pitt, Cooper, Winner of Mecklenburg, Plexico, Ward, Martin of Guilford, Lucas, Cochrane, Edwards, Albertson, Hartsell, Marshall, Carpenter, Smith, Gunter, Forrester, Soles, Simpson, Kincaid; Allran, Harris, Parnell, Speed, Walker, and Warren.

Referred to: Finance.

May 27, 1994

A BILL TO BE ENTITLED

1 AN ACT TO REPEAL THE INTANGIBLES TAX, TO REIMBURSE COUNTIES
2 AND CITIES FOR THE RESULTING REVENUE LOSS, TO REPEAL EXISTING
3 INCOME TAX PREFERENCES FOR NORTH CAROLINA DIVIDENDS, TO
4 INCREASE THE FRANCHISE TAX, AND TO LEVY A ONE PERCENT TAX
5 ON INCOME FROM INTANGIBLES.
6

7 The General Assembly of North Carolina enacts:

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9 Article 7 of Chapter 105 of the General Statutes is repealed.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11 Article is repealed shall remain in the General Fund and any refunds made on or after
12 the date the Article is repealed of taxes collected pursuant to that Article shall be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

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

15 (31a) Accounts receivable.

16 (31b) Bonds, notes, and other evidences of debt.

17 (31c) Shares of stock, including shares and units of ownership of mutual
18 funds, investment trusts, and investment funds.

1 (31d) The beneficial or equitable interest in a trust, trust fund, or trust
2 account, including custodial accounts, held by a foreign fiduciary."

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

5 "**§ 105-275.2. Reimbursement to counties and municipalities for ~~partial~~ repeal of**
6 **State tax on intangible personal property.**

7 (a) Reimbursement for Repeal of Tax on Money on Deposit, Money on Hand,
8 and Funds on Deposit with Insurance Companies. – On or before August 30 of each
9 year, the Secretary of Revenue shall allocate for distribution to each county and the
10 municipalities in the county the amount allocated to the county under this subsection in
11 1990.

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

16 (a1) Reimbursement for Partial Repeal of Tax on Accounts Receivable. – On or
17 before August 30 of each year, the Secretary of Revenue shall distribute to counties and
18 municipalities an amount equal to forty percent (40%) of the tax collected on accounts
19 receivable under former Article 7 of this Chapter (repealed) during the 1989-90 fiscal
20 year. ~~The Secretary of Revenue shall first allocate the amount to be distributed in this~~
21 ~~subsection to the counties in the same manner as the amount allocated in G.S. 105-213. The~~
22 ~~amount allocated to each county shall in turn be divided and distributed between the county and~~
23 ~~the municipalities located in the county in accordance with the method of allocating intangible~~
24 ~~tax revenue between a county and the municipalities located in the county provided in G.S.~~
25 ~~105-213. The Secretary shall allocate this amount among the counties in proportion to~~
26 ~~the amount allocated to each county under former G.S. 105-213 (repealed) in August~~
27 ~~1994.~~

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

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

- 39 (1) The Department of Revenue in performing the duties imposed by
40 Article 15 of this Chapter.
41 (2) The Property Tax Commission.
42 (3) The Institute of Government in operating a training program in
43 property tax appraisal and assessment.

1 (4) The personnel and operations provided by the Department of State
2 Treasurer for the Local Government Commission.

3 (5) Refunds made during the fiscal year of taxes levied under former
4 Article 7 of this Chapter (repealed).

5 (6) The Department of Revenue to collect and administer the taxes levied
6 under former Article 7 of this Chapter (repealed).

7 (a3) Distribution Between County and Its Municipalities. – The amounts allocated
8 to each county under this section shall be allocated between the county and the
9 municipalities in the county in proportion to the total amount of ad valorem taxes levied
10 by each during the fiscal year preceding the distribution. In dividing these amounts
11 between each county and its municipalities, the Secretary of Revenue shall treat taxes
12 levied by a merged school administrative unit described in G.S. 115C-513 in a part of
13 the unit located in a county as taxes levied by the county in which that part is located.

14 After making these allocations, the Secretary shall certify to the State Controller and
15 to the State Treasurer the amount to be distributed to each county and municipality in
16 the State. The State Controller shall then issue a warrant on the State Treasurer to each
17 county and municipality in the amount certified.

18 For the purpose of computing the distribution to any county and the municipalities
19 located in the county for any year with respect to which the property valuation of a
20 public service company is the subject of an appeal and the Department of Revenue is
21 restrained by law from certifying the valuation to the county and the municipalities in
22 the county, the Department shall use the last property valuation of the public service
23 company that has been certified.

24 The chair of each board of county commissioners and the mayor of each
25 municipality shall report to the Secretary of Revenue information requested by the
26 Secretary to enable the Secretary to allocate the amount distributed by this section. If a
27 county or municipality fails to make a requested report within the time allowed, the
28 Secretary may disregard the county or municipality in allocating the amount distributed
29 by this section.

30 ~~(b) Restrictions on Use. —Amounts distributed to a county or a municipality~~
31 ~~under this section are subject to the same restrictions as amounts distributed under G.S.~~
32 ~~105-213.—The amount distributed to each county and municipality shall be used by the~~
33 ~~county or municipality in proportion to property tax levies made by it for the various~~
34 ~~funds and activities of the county or municipality, unless the county or municipality has~~
35 ~~pledged the amount to be distributed to it under this section in payment of a loan~~
36 ~~agreement with the North Carolina Solid Waste Management Capital Projects Financing~~
37 ~~Agency. A county or municipality that has pledged amounts distributed under this~~
38 ~~section in payment of a loan agreement with the Agency may apply the amount the loan~~
39 ~~agreement requires.~~

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

42 (d) Source. – Funds distributed under this section shall be drawn from collections
43 received under Division II of Article 4 of this Chapter."

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

3 **"§ 105-134.2A. Supplemental income tax imposed.**

4 (a) Tax. – A tax is imposed upon every resident individual's net income from
5 intangibles at the rate of one percent (1%). This tax is in addition to the tax imposed in
6 G.S. 105-134.2 and shall be levied, collected, and paid annually in the same manner as
7 the tax levied in G.S. 105-134.2. An individual's net income from intangibles is the
8 lesser of (i) the individual's North Carolina taxable income or (ii) the individual's net
9 capital gains as defined in section 1222 of the Code and gross dividend income as
10 determined under the Code from intangible personal property described in G.S. 105-
11 275(31b) and (31c) and gross interest income, as determined under the Code, from
12 intangible personal property. A taxpayer whose tax liability under this section for a
13 taxable year is six dollars (\$6.00) or less is not required to pay the tax for that year.

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

15 (1) From an obligation of (i) the United States or its possessions, (ii) this
16 State or a political subdivision of this State, or (iii) a nonprofit
17 educational institution organized or chartered under the laws of this
18 State.

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

20 (3) From units of ownership in an investment trust, the corpus of which is
21 composed entirely of obligations described in subdivisions (1) and (2)
22 of this subsection, at least eighty percent (80%) of the fair market
23 value of which represents obligations of this State. In order for the
24 exemption described in this subdivision to apply, the trustees of the
25 investment trust must provide the Secretary not later than December
26 31 of each year information in the form required by the Secretary
27 sufficient to establish the applicability of the exemption."

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

30 **"§ 105-160.2A. Supplemental tax.**

31 A tax is imposed upon every trust's and every estate's net income from intangibles
32 that is for the benefit of a resident of this State. The tax shall be at the rate of one
33 percent (1%). This tax is in addition to the tax imposed in G.S. 105-160.2 and shall be
34 levied, collected, and paid annually in the same manner as the tax levied in G.S. 105-
35 160.2. A trust's or estate's net income from intangibles is the lesser of (i) the trust's or
36 estate's income taxable under G.S. 105-160.2 or (ii) the trust's or estate's net capital
37 gains as defined in section 1222 of the Code and gross dividend income as determined
38 under the Code from intangible personal property described in G.S. 105-275(31b) and
39 (31c) and gross interest income, as determined under the Code, from intangible personal
40 property. The tax levied in this section does not apply to income exempt from the tax
41 under G.S. 105-134.2A(b). A taxpayer whose tax liability under this section for a
42 taxable year is six dollars (\$6.00) or less is not required to pay the tax for that year."

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

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

1 **"§ 105-130.7. Deductible portion of dividends.**

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

4 (1) ~~As soon as may be practicable after September 30 of each year, the~~
5 ~~Secretary of Revenue shall determine from the corporate income tax~~
6 ~~return filed during the year ending September 30 by each corporation~~
7 ~~required to file a return during that period the proportion of the entire~~
8 ~~net income or loss of the corporation allocable to this State under the~~
9 ~~provisions of G.S. 105-130.4, except as provided herein. If a~~
10 ~~corporation has a net income in North Carolina and a net loss from all~~
11 ~~sources wherever located, or if a corporation has a net loss in North~~
12 ~~Carolina and a net income from all sources wherever located, the~~
13 ~~Secretary shall require the use of the allocation fraction determined~~
14 ~~under the provisions of G.S. 105-130.4. A corporation which is a~~
15 ~~stockholder in any such corporation shall be allowed to deduct the~~
16 ~~same proportion of the dividends received by it from such corporation~~
17 ~~during its income year ending on or after September 30. No deduction~~
18 ~~shall be allowed for any part of any dividend received from any~~
19 ~~corporation that was required to file an income tax return during the~~
20 ~~year ending September 30 but failed to file the return. In the case of~~
21 ~~dividends received from a corporation that was not required to file a~~
22 ~~return during the year ending September 30, the proportion of~~
23 ~~dividends deductible by the stockholder shall be determined by the~~
24 ~~Secretary from the best information available.~~

25 (2) Dividends received by a corporation from stock in any insurance
26 company of this State taxed under the provisions of G.S. 105-228.5
27 shall be deductible by such corporation, and a proportionate part of
28 any dividends received from stock in any foreign insurance
29 corporation shall be deductible, such part to be determined on the basis
30 of the ratio of premiums reported for taxation in this State to total
31 premiums collected both in and out of this State.

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

38 (3a) Dividends received on shares of capital stock owned in a stock-owned
39 savings and loan association taxed under Article 8D of this Chapter
40 shall be deductible.

41 (4) ~~Notwithstanding the provisions of subdivisions (1) through (3a) any~~
42 ~~other provision of this section, a corporation which, at the close of its~~
43 ~~taxable year, has its commercial domicile within North Carolina shall~~
44 ~~be allowed to may deduct all dividends received from corporations in~~

1 which it owns more than fifty percent (50%) of the outstanding voting
2 stock.

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

- 43 (6) In no case shall the total amount of dividends that are allowed as a
44 deduction to a corporation as a result of the application of subdivisions

1 (1)-(2) through (3a) of this section be in excess of fifteen thousand
2 dollars (\$15,000) for the taxable year."

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

4 **"§ 105-276. Taxation of intangible personal property.**

5 Intangible personal property that is not excluded from taxation under G.S. 105-
6 275(31) ~~or classified under Schedule H, G.S. 105-198 through G.S. 105-217, 105-275~~
7 is subject to this Subchapter. ~~The classification of such property for taxation under~~
8 ~~Schedule H shall not exclude the property from the system property valuation of public~~
9 ~~service companies under Article 23 provided proper adjustments are made to prevent~~
10 ~~duplicate taxation."~~

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

12 **"§ 105-305. Place for listing intangible personal property.**

13 (a) Listing Instructions. – This section ~~shall apply~~ applies to all taxable intangible
14 personal property that has a tax situs in this State, ~~that State and~~ is not required by this
15 Subchapter to be appraised originally by the Department of Revenue, ~~and that is not~~
16 ~~subject to taxation under the provisions of Schedule H, G.S. 105-198 through 105-217.~~
17 Revenue. The place in this State at which ~~such~~ this property is taxable shall be
18 determined ~~according to the rules prescribed in subsections (b) through (e), below.~~ as
19 provided in this section. The person whose duty it is to list property shall list it in the
20 county in which the place of taxation is located, indicating on the abstract the
21 information required by G.S. 105-309(d). If the place of taxation lies within a city or
22 town that requires separate listing under G.S. 105-326(a), the person whose duty it is to
23 list shall also list the property for taxation in the city or town.

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

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

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

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

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

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

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

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

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

10 **"§ 105-120.2. Franchise or privilege tax on holding companies.**

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

15 (1) ~~Make a report and statement, and~~

16 (2) ~~Determine the total amount of its issued and outstanding capital stock,~~
17 ~~surplus and undivided profits, and~~

18 (3) ~~Apportion such outstanding capital stock, surplus and undivided~~
19 ~~profits to this State.~~

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

23 (b) (1) ~~Every corporation taxed under this section shall annually pay~~
24 ~~to the Secretary of Revenue, at the time the report and statement are~~
25 ~~due, a franchise or privilege tax, which is hereby levied, at the rate~~
26 ~~of one dollar and fifty cents (\$1.50) per one thousand dollars~~
27 ~~(\$1,000) of the amount determined under subsection (a) of this~~
28 ~~section, but in no case shall the tax be more than seventy five~~
29 ~~thousand dollars (\$75,000) nor less than thirty five dollars (\$35.00).~~

30 (2) ~~Notwithstanding the provisions of subdivision (1) of this subsection, if~~
31 ~~the tax produced pursuant to application of this paragraph (2) exceeds~~
32 ~~the tax produced pursuant to application of subdivision (1), then the~~
33 ~~tax shall be levied at the rate of one dollar and fifty cents (\$1.50) per~~
34 ~~one thousand dollars (\$1,000) on the greater of the amounts of~~

35 a. ~~Fifty five percent (55%) of the appraised value as determined~~
36 ~~for ad valorem taxation of all the real and tangible personal~~
37 ~~property in this State of each such corporation plus the total~~
38 ~~appraised value of intangible property returned for taxation of~~
39 ~~intangible personal property as computed under G.S. 105-~~
40 ~~122(d); or~~

41 b. ~~The total actual investment in tangible property in this State of~~
42 ~~such corporation as computed under G.S. 105-122(d).~~

43 Rate. – The tax rate is one dollar and sixty-five cents (\$1.65) for each one thousand
44 dollars (\$1,000) value of the greatest of:

- 1 (1) The holding company's issued and outstanding capital stock, surplus,
 2 and undivided profits determined in accordance with G.S. 105-122.
 3 (2) Fifty-five percent (55%) of the appraised value as determined for ad
 4 valorem tax purposes of the holding company's real and tangible
 5 personal property in this State as determined annually under G.S. 105-
 6 122(d).
 7 (3) The holding company's investment in tangible property in this State
 8 determined in accordance with G.S. 105-122(d).

9 The tax imposed under subdivision (1) of this subsection may not exceed
 10 eighty-two thousand five hundred dollars (\$82,500). The tax imposed by this section
 11 may not be less than the minimum tax set in G.S. 105-122.

12 ~~(c) For purposes of this section, a~~ Definition. – A 'holding company' is any
 13 ~~corporation which a corporation that~~ receives during its taxable year more than eighty
 14 percent (80%) of its gross income from corporations in which it owns directly or
 15 indirectly more than fifty percent (50%) of the outstanding voting stock.

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

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

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

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

27 "(d) After determining the proportion of its total capital stock, surplus and
 28 undivided profits as set out in subsection (c) of this section, which amount so
 29 determined shall in no case be less than fifty-five percent (55%) of the appraised value
 30 as determined for ad valorem taxation of all the real and tangible personal property in
 31 this State of each such corporation ~~plus the total appraised value of intangible property~~
 32 ~~returned for taxation of intangible personal property as herein specified~~ nor less than its total
 33 actual investment in tangible property in this State, every corporation taxed under this
 34 section shall annually pay to the Secretary of Revenue, at the time the report and
 35 statement are due, a franchise or privilege tax, which is hereby levied at the rate of ~~one~~
 36 ~~dollar and fifty cents (\$1.50)~~ one dollar and sixty-five cents (\$1.65) per one thousand
 37 dollars (\$1,000) of the total amount of capital stock, surplus and undivided profits as
 38 herein provided. The tax imposed in this section shall in no case be less than thirty-five
 39 dollars (\$35.00) and shall be for the privilege of carrying on, doing business, and/or the
 40 continuance of articles of incorporation or domestication of each such corporation in
 41 this State. Appraised value of tangible property including real estate shall be the ad
 42 valorem valuation for the calendar year next preceding the due date of the franchise tax
 43 return. ~~Appraised value of intangible property shall be the total gross valuation required to be~~
 44 ~~reported for intangible tax purposes on April 15 coincident with or next preceding the due date~~

1 of the franchise tax return.—The term 'total actual investment in tangible property' as used
2 in this section shall be construed to mean the total original purchase price or
3 consideration to the reporting taxpayer of its tangible properties, including real estate, in
4 this State plus additions and improvements thereto less reserve for depreciation as
5 permitted for income tax purposes, and also less any indebtedness incurred and existing
6 by virtue of the purchase of any real estate and any permanent improvements made
7 thereon. In computing 'total actual investment in tangible personal property' there shall
8 also be deducted reserves for the entire cost of any air-cleaning device or sewage or
9 waste treatment plant, including waste lagoons, and pollution abatement equipment
10 purchased or constructed and installed which reduces the amount of air or water
11 pollution resulting from the emission of air contaminants or the discharge of sewage and
12 industrial wastes or other polluting materials or substances into the outdoor atmosphere
13 or into streams, lakes, or rivers, upon condition that the corporation claiming such
14 deduction shall furnish to the Secretary a certificate from the Department of
15 Environment, Health, and Natural Resources or from a local air pollution control
16 program for air-cleaning devices located in an area where the Environmental
17 Management Commission has certified a local air pollution control program pursuant to
18 G.S. 143-215.112 certifying that said Department or local air pollution control program
19 has found as a fact that the air-cleaning device, waste treatment plant or pollution
20 abatement equipment purchased or constructed and installed as above described has
21 actually been constructed and installed and that such device, plant or equipment
22 complies with the requirements of the Environmental Management Commission or local
23 air pollution control program with respect to such devices, plants or equipment, that
24 such device, plant or equipment is being effectively operated in accordance with the
25 terms and conditions set forth in the permit, certificate of approval, or other document
26 of approval issued by the Environmental Management Commission or local air
27 pollution control program and that the primary purpose thereof is to reduce air or water
28 pollution resulting from the emission of air contaminants or the discharge of sewage and
29 waste and not merely incidental to other purposes and functions. The cost of
30 constructing facilities of any private or public utility built for the purpose of providing
31 sewer service to residential and outlying areas shall be treated as deductible for the
32 purposes of this section; the deductible liability allowed by this section shall apply only
33 with respect to such pollution abatement plants or equipment constructed or installed on
34 or after January 1, 1955.

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

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

39 "(2) Owners of the special classes of property excluded from taxation under
40 G.S. 105-275(5), (15), (16), (26), (31), (31a), (31b), (31c), (31d),
41 (32a), (33), (34), or (40), or exempted under G.S. 105-278.2 are not
42 required to file applications for the exclusion or exemption of that
43 property."

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

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

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

9 "**§ 108A-93. Withholding of State moneys from counties failing to pay public**
10 **assistance costs.**

11 The Director of the Budget ~~is authorized to~~ may withhold from any county that does
12 not pay its full share of public assistance costs to the State and has not ~~arranged for~~
13 ~~payment pursuant to G.S. 108-54.1 or~~ obtained a loan for repayment under G.S. 108A-89,
14 any State moneys appropriated from the General Fund for public assistance and related
15 administrative costs, or ~~to~~ may direct the Secretary of Revenue and State ~~Treasurer~~
16 Controller to withhold any tax owed to a county under ~~Article 7 of Chapter 105 of the~~
17 ~~General Statutes,~~ G.S. 105-113.82, Article 39 of Chapter 105 of the General Statutes
18 Subchapter VIII of Chapter 105 of the General Statutes, or Chapter 1096 of the Session
19 Laws of 1967. The Director of the Budget shall notify the ~~chairman~~ chair of the board of
20 county commissioners of the proposed action prior to the withholding of funds."

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

23 Sec. 16. Notwithstanding the provisions of G.S. 105-163.15 and G.S. 105-
24 163.41, no addition to tax shall be made under those sections for a taxable year
25 beginning on or after January 1, 1994, and before January 1, 1995, with respect to any
26 underpayment to the extent the underpayment was created or increased by Section 4, 5,
27 6, or 7 of this act.

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