

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE JOINT RESOLUTION 95

Sponsors: Representatives Gamble; and Luebke.

Referred to: Finance.

February 2, 1995

1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH
2 COMMISSION TO STUDY AND EVALUATE THE MULTITUDE OF SPECIAL
3 TAX EXEMPTIONS, DEDUCTIONS, AND EXCLUSIONS IN THE TAX
4 STRUCTURE OF NORTH CAROLINA.

5 Whereas, the Department of State Treasurer has pointed out in one of its
6 annual reports that the revenue laws of the State contain a multiplicity of exemptions,
7 deductions, and exclusions (known collectively as tax expenditures or tax preferences);
8 and

9 Whereas, the Department of State Treasurer has asserted that there can be
10 little justification for some of these tax preferences and that many "are narrow,
11 benefitting the few at the expense of the entire citizenry"; and

12 Whereas, the Department of State Treasurer has stated that whether these tax
13 preferences should continue to exist is a matter for close scrutiny and possible
14 legislative action; and

15 Whereas, the Department of State Treasurer has stated that the amounts of
16 money involved with these tax preferences are substantial but go unnoticed; and

17 Whereas, G.S. 105-256 requires the Department of Revenue to report every
18 two years on all tax expenditures (tax preferences) along with an estimate of the amount
19 by which each one reduces State revenues; and

20 Whereas, the Department of State Treasurer has suggested that, for the tax
21 expenditure report to be an effective tool, "it needs to be carried further ... and it needs
22 both legislative and public scrutiny";

23 Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

1 Section 1. The Legislative Research Commission is authorized to study the
2 tax expenditures contained in the revenue laws of North Carolina. The Commission
3 may review the tax expenditures in the State's revenue laws and the cost of each
4 expenditure, as reported in the Department of Revenue's tax expenditure report. The
5 Commission may evaluate the expenditures to determine which serve a valid public
6 purpose and are consistent with a fair, equitable tax system that provides the lowest
7 possible tax rates applied equally among taxpayers. The Commission may recommend
8 repeal or amendment of those tax expenditures that do not serve a valid public purpose,
9 are inconsistent with fairness and equity, or benefit a few taxpayers at the expense of
10 other taxpayers. When the recommendations of the Commission, if enacted, would
11 result in an increase or decrease in State tax revenues, the report of the Commission
12 shall include an estimate of the amount of the increase or decrease.

13 Sec. 2. The Commission may call upon the Department of Revenue to
14 cooperate with it in its study of the tax expenditures contained in the revenue laws. The
15 Secretary of Revenue shall ensure that the Department's staff cooperates fully with the
16 Commission.

17 Sec. 3. The Commission shall make a final report of its recommendations to
18 the 1997 General Assembly and may make an interim report to the 1996 Session of the
19 1995 General Assembly.

20 Sec. 4. This resolution is effective upon ratification.