

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SECOND EXTRA SESSION 1996**

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**1**

HOUSE BILL 64

Short Title: Reduce Corporate Tax/School Needs.

(Public)

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Sponsors: Representative Wilkins.

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Referred to: Rules.

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July 10, 1996

A BILL TO BE ENTITLED

1 AN ACT TO REDUCE THE CORPORATE INCOME TAX AND AUTHORIZE  
2 CORPORATIONS TO DONATE THE AMOUNT OF THE TAX REDUCTION TO  
3 THE STATE SCHOOL TECHNOLOGY FUND FOR IMPROVING STUDENT  
4 PERFORMANCE IN THE PUBLIC SCHOOLS THROUGH THE USE OF  
5 LEARNING AND INSTRUCTIONAL MANAGEMENT TECHNOLOGIES.  
6

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 105-130.3 reads as rewritten:

9 "**§ 105-130.3. Corporations.**

10 A tax is imposed on the State net income of every C Corporation doing business in  
11 this State ~~at seven and seventy-five one-hundredths percent (7.75%) of the corporation's State~~  
12 ~~net income.~~ State. An S Corporation is not subject to the tax levied in this section. The  
13 tax is a percentage of the taxpayer's State net income computed as follows:

Income Years Beginning	Tax
<u>In 1997</u>	<u>7.5%</u>
<u>In 1998</u>	<u>7.25%</u>
<u>In 1999</u>	<u>7%</u>
<u>After 1999</u>	<u>6.75%".</u>

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19 Sec. 2. Article 9 of Chapter 105 of the General Statutes is amended by adding  
20 a new section to read:

1 **"§ 105-269.7. Contribution of corporate income tax reduction to State School**  
 2 **Technology Fund.**

3 A corporation subject to tax under Division I of Article 4 of this Chapter may elect to  
 4 contribute to the State School Technology Fund created in G.S. 115C-102.6D all or part  
 5 of the difference between the corporation's tax liability for the taxable year and the  
 6 amount its tax liability would be if the rate of tax imposed by G.S. 105-130.3 were seven  
 7 and seventy-five one-hundredths percent (7.75%). The Secretary shall provide  
 8 appropriate language and space on the corporation income tax form in which to make the  
 9 election and shall include in the instructions an explanation that amounts donated are  
 10 deductible contributions and will be used for improving student performance in the public  
 11 schools through the use of learning and instructional management technologies. A  
 12 corporation's election becomes irrevocable upon filing its income tax return for the  
 13 taxable year. The Secretary shall, on a quarterly basis, transmit the contributions made  
 14 pursuant to this section to the State Treasurer for credit to the State School Technology  
 15 Fund. Any interest earned on funds so credited shall be credited to that Fund."

16 Sec. 3. G.S. 115C-546.1 reads as rewritten:

17 **"§ 115C-546.1. Creation of Fund; administration.**

18 (a) There is created the Public School Building Capital Fund. The Fund shall be  
 19 used to assist county governments in meeting their public school building capital needs.

20 (b) Each calendar quarter, the Secretary of Revenue shall remit to the State  
 21 Treasurer for credit to the Public School Building Capital Fund an amount equal to ~~two~~  
 22 ~~thirty-firsts (2/31)~~ the applicable proportion provided in the table below of the net  
 23 collections received during the previous quarter by the Department of Revenue under  
 24 G.S. 105-130.3 minus two million five hundred thousand dollars (\$2,500,000). All funds  
 25 deposited in the Public School Building Capital Fund shall be invested as provided in  
 26 G.S. 147-69.2 and G.S. 147-69.3.

Period	Proportion
<u>10/1/97 to 9/30/98</u>	<u>One-fifteenth (1/15)</u>
<u>10/1/98 to 9/30/99</u>	<u>Two twenty-ninths (2/29)</u>
<u>10/1/99 to 9/30/00</u>	<u>One-fourteenth (1/14)</u>
<u>After 9/30/00</u>	<u>Two twenty-sevenths (2/27)</u>

32 (c) The Fund shall be administered by the Office of State Budget and  
 33 Management."

34 Sec. 4. Section 3 of this act becomes effective October 1, 1997, and applies to  
 35 remittances made on or after that date; the remainder of this act is effective for taxable  
 36 years beginning on or after January 1, 1997.