

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 284

Short Title: Banks/Alternative Minimum Tax.

(Public)

Sponsors: Representatives Gamble; Alexander, Fitch, and Luebke.

Referred to: Finance.

February 20, 1997

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE AN ALTERNATIVE MINIMUM TAX FOR
2 CORPORATIONS THAT REDUCE THEIR TAXABLE INCOME BY
3 DEDUCTING INTEREST EXPENSE ATTRIBUTABLE TO TAX-EXEMPT
4 INTEREST INCOME.
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6 The General Assembly of North Carolina enacts:

7 Section 1. Division I of Article 4 of Chapter 105 of the General Statutes is
8 amended by adding a new section to read:

9 **"§ 105-130.3B. Alternative minimum tax.**

10 (a) Tax Imposed. – A tax is imposed on every C Corporation doing business in
11 this State equal to the excess of the tentative minimum tax for the taxable year over the
12 income tax imposed by G.S. 105-130.3 for the taxable year. This tax is in addition to the
13 tax imposed by G.S. 105-130.3. This tax is due at the time prescribed in G.S. 105-130.17
14 for filing corporation income tax returns.

15 (b) Tentative Minimum Tax. – The tentative minimum tax is three and five-tenths
16 percent (3.5%) of the excess of the taxpayer's alternative minimum taxable income over
17 the exemption amount. The exemption amount is the applicable exemption amount
18 provided in section 55(d) of the Code. The alternative minimum taxable income is the
19 taxpayer's State net income for the taxable year plus the amount of interest expense that
20 was deducted in calculating State net income and is allocable to interest income exempt

1 from taxation under this Division. In the case of a financial institution, the allocable
2 amount of the interest expense is the amount for which deduction would be disallowed
3 pursuant to section 265(b) of the Code if the interest were earned on a tax-exempt
4 obligation as defined in section 265(b) of the Code."

5 Section 2. Notwithstanding G.S. 105-163.41, no addition to tax may be made
6 under that statute for a taxable year beginning on or after January 1, 1997, and before
7 January 1, 1998, with respect to an underpayment of corporation income tax to the extent
8 the underpayment was created or increased by this act.

9 Section 3. This act is effective for taxable years beginning on or after January
10 1, 1997.