

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1409
Committee Substitute Reported Without Prejudice 5/27/99

Short Title: Incentives for Border/Low-Tier Counties.

(Public)

Sponsors:

Referred to:

April 29, 1999

A BILL TO BE ENTITLED

AN ACT TO ADDRESS THE COMPETITIVENESS OF CERTAIN NORTH CAROLINA BORDER COUNTIES AND LOW-TIER COUNTIES BY PROVIDING AN INCENTIVE FOR INVESTMENT IN REAL PROPERTY IN ORDER TO MATCH AN INCENTIVE PROVIDED IN SOUTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.14 is amended by adding a new subsection to read:

"(h) Low Enterprise Tier Businesses. – Eligible taxpayers are allowed an annual refund of sales and use taxes paid under this Article as provided in this subsection. Notwithstanding any other provision of law, the refund allowed in this subsection does not apply to general local sales and use taxes levied under Article 5 of this Chapter, Chapter 1069 of the 1967 Session Laws, or any other act.

(1) Refunds. – An eligible business is allowed an annual refund of sales and use taxes paid by it under this Article on building materials, building supplies, fixtures, and equipment that become a part of the real property of the business located in an enterprise tier one area or an enterprise tier two area, as defined in G.S. 105-129.3. Liability incurred indirectly by the taxpayer for sales and use taxes on these items is considered tax paid by the taxpayer. A request for a refund must be in writing and must

1 include any information and documentation required by the Secretary. A
2 request for a refund is due within six months after the end of the State's
3 fiscal year. Refunds applied for after the due date are barred.

4 (2) Eligibility. – A person is eligible for the refund provided in this
5 subsection if it is engaged primarily in one of the businesses listed in
6 G.S. 105-129.4(a) in an enterprise tier one area or an enterprise tier two
7 area, as defined in G.S. 105-129.3.

8 (3) Use of refund. – Within three years after receiving a refund under this
9 subsection, a taxpayer must use the amount refunded for site
10 development, infrastructure, or other real property improvements in an
11 enterprise tier one area or an enterprise tier two area. If the taxpayer
12 does not make the required investment within this period, it loses its
13 eligibility and forfeits the amount of the refund received under this
14 subsection that was not invested as required. Upon forfeiture, the
15 taxpayer is liable for tax under this Article equal to the amount of the
16 forfeited refund plus interest at the rate established in G.S. 105-241.1(i),
17 computed from the date the taxes would have been due if the tax refund
18 had not been received. The tax and interest are due 30 days after the
19 date of the forfeiture. A taxpayer that fails to pay the tax and interest is
20 subject to the penalties provided in G.S. 105-236.

21 A taxpayer that receives a refund under this subsection must, each
22 year until the investment requirement of this subdivision has been
23 satisfied, file with the Department of Commerce an annual financial
24 statement, audited in accordance with generally accepted accounting
25 principles, demonstrating that the refund received under this subsection
26 has not been used for a purpose inconsistent with the requirements of
27 this subdivision. If the Secretary of Commerce determines that the
28 taxpayer has used any of the credit for a purpose that is inconsistent
29 with the requirements of this subdivision, the Secretary of Commerce
30 shall certify the amount so used to the Secretary of Revenue."

31 Section 2. This act becomes effective January 1, 2000, and applies to taxes
32 paid on or after that date.