

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2003**

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**HOUSE DRH30508-LC-220 (05/12)**

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

(Public)

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Sponsors: Representative Goodwin.

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Referred to:

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A BILL TO BE ENTITLED

1  
2 AN ACT TO ADDRESS THE COMPETITIVENESS OF CERTAIN NORTH  
3 CAROLINA BORDER COUNTIES AND LOW-TIER COUNTIES BY  
4 PROVIDING AN INCENTIVE FOR INVESTMENT IN REAL PROPERTY IN  
5 ORDER TO MATCH AN INCENTIVE PROVIDED IN SOUTH CAROLINA.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-164.14 is amended by adding a new subsection to  
8 read:

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

14 (1) Refunds. – An eligible taxpayer is allowed an annual refund of sales  
15 and use taxes paid by it under this Article on building materials,  
16 building supplies, fixtures, and equipment that become a part of the  
17 real property of the taxpayer located in an enterprise tier one area or an  
18 enterprise tier two area, as defined in G.S. 105-129.3. Liability  
19 incurred indirectly by the taxpayer for sales and use taxes on these  
20 items is considered tax paid by the taxpayer. A request for a refund  
21 must be in writing and must include any information and  
22 documentation required by the Secretary. A request for a refund is due  
23 within six months after the end of the State's fiscal year. Refunds  
24 applied for after the due date are barred.

25 (2) Eligibility. – A taxpayer is eligible for the refund provided in this  
26 subsection if it is engaged primarily in one of the businesses listed in

1 G.S. 105-129.4(a) in an enterprise tier one area or an enterprise tier  
2 two area.

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

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

28 **SECTION 2.** This act becomes effective January 1, 2005, and applies to  
29 taxes paid on or after that date.