

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**HOUSE BILL 1655**

Short Title: Incentive for Higher Wages.

(Public)

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Sponsors: Representatives Luebke; Insko and Womble.

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Referred to: Finance.

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May 25, 2004

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO LIMIT THE CORPORATE DEDUCTION FOR EXCESSIVE  
3        COMPENSATION OF CORPORATE EXECUTIVES RELATIVE TO RANK  
4        AND FILE EMPLOYEES.

5 The General Assembly of North Carolina enacts:

6        **SECTION 1.** G.S. 105-130.5(a) is amended by adding a new subdivision to  
7 read:

8            "(16) The amount by which the corporation's deduction under section 162 of  
9            the Code for compensation paid to any employee or officer for the  
10           taxable year exceeds an amount equal to 50 times the annual  
11           compensation of the corporation's lowest paid full-time employee for  
12           the taxable year."

13        **SECTION 2.** This act becomes effective for taxable years beginning on or  
14 after January 1, 2004. Notwithstanding G.S. 105-163.41, no addition to tax may be  
15 made under that statute for a taxable year beginning on or after January 1, 2004, and  
16 before January 1, 2005, with respect to an underpayment of corporation income tax to  
17 the extent the underpayment was created or increased by this act.