

GENERAL ASSEMBLY OF NORTH CAROLINA  
EXTRA SESSION 2007

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HOUSE BILL 5

Short Title: Credit for Retaining Jobs in Distressed Cty. (Public)

Sponsors: Representatives Thomas and Brubaker (Primary Sponsors).

Referred to: Finance.

September 11, 2007

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE A TAX CREDIT FOR BUSINESSES RETAINING JOB  
3 POSITIONS IN CERTAIN DISTRESSED AREAS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Article 3A of Chapter 105 of the General Statutes is amended  
6 by adding a new section to read:

7 "**§ 105-129.8A. Credit for retaining jobs in distressed areas.**

8 (a) Definitions. – The following definitions apply in this section:

9 (1) Distressed area. – A county that is classified as a development tier one  
10 or two county pursuant to G.S. 143B-437.08.

11 (2) Employment level. – The total number of full-time jobs and part-time  
12 jobs converted into full-time equivalences. A job is included in the  
13 employment level for a year only if that job is located within the  
14 distressed area for more than six months of the year. A job is located in  
15 a distressed area if more than fifty percent (50%) of the employee's  
16 duties are performed in this State.

17 (3) Full-time job. – A position that requires at least 1,600 hours of work  
18 per year and is intended to be held by one employee during the entire  
19 year.

20 (b) Credit. – A taxpayer that has the same or more full-time employees in  
21 distressed areas at the end of the taxable year when compared to the number of full-time  
22 employees in distressed areas at the beginning of the taxable year is allowed a credit for  
23 retaining full-time jobs in distressed areas. The amount of the credit is equal to fifty  
24 percent (50%) of the taxpayer's income tax liability for the previous taxable year.

25 (c) Positions. – A position is located in an area if more then fifty percent (50%)  
26 of the employee's duties are performed in the area.

27 (d) Transferred Jobs. – Jobs transferred from one area in the State to another area  
28 in the State are not considered new jobs for purposes of this section.

1       (e) No Double Credit. – A taxpayer may not claim this credit and the credit  
2 allowed under G.S. 105-130.46 for the same full-time employee positions."

3               **SECTION 2.** This act is effective for taxable years beginning on or after  
4 January 1, 2007.