

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1721  
Committee Substitute Favorable 5/20/10  
Committee Substitute #2 Favorable 5/25/10

Short Title: H.E.L.P. Small Business Act.

(Public)

Sponsors:

Referred to:

May 17, 2010

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE H.E.L.P. (HEALTH CARE, EMPLOYMENT, LEVERAGE, AND  
3 PREPARATION) FOR SMALL BUSINESSES IN NORTH CAROLINA, AS  
4 RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON SMALL BUSINESS.

5 Whereas, small businesses are the backbone of North Carolina's economy; and

6 Whereas, over 60% of all North Carolinians are employed by a business with fewer  
7 than 100 employees; and

8 Whereas, small businesses have been hit particularly hard by the recent financial  
9 crisis and ensuing credit crunch; and

10 Whereas, small businesses impact communities not just economically but through  
11 their social and civic engagement; Now, therefore,  
12 The General Assembly of North Carolina enacts:

13  
14 **PART 1: TAX BENEFITS FOR SMALL BUSINESSES**

15  
16 **INCREASE TAX BENEFITS FOR SMALL BUSINESS EQUIPMENT PURCHASES**

17 **SECTION 1.1.** G.S. 105-228.90(b)(1b) reads as rewritten:

18 "**§ 105-228.90. Scope and definitions.**

19 ...

20 (b) Definitions. – The following definitions apply in this Article:

21 ...

22 (1b) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2009~~, May 1,  
23 2010, including any provisions enacted as of that date which become  
24 effective either before or after that date."

25  
26 **INCREASE TAX BENEFITS FOR INVESTMENTS IN SMALL BUSINESSES**

27 **SECTION 1.2.** G.S. 105-163.012(b) reads as rewritten:

28 "**§ 105-163.012. Limit; carry-over; ceiling; reduction in basis.**

29 ...

30 (b) The total amount of all tax credits allowed to taxpayers under G.S. 105-163.011 for  
31 investments made in a calendar year may not exceed ~~seven million five hundred thousand~~  
32 ~~dollars (\$7,500,000).~~ eight million dollars (\$8,000,000). The Secretary of Revenue shall  
33 calculate the total amount of tax credits claimed from the applications filed pursuant to  
34 G.S. 105-163.011(c). If the total amount of tax credits claimed for investments made in a  
35 calendar year exceeds this maximum amount, the Secretary shall allow a portion of the credits



1 claimed by allocating the maximum amount in tax credits in proportion to the size of the credit  
2 claimed by each taxpayer."

3 **SECTION 1.3.** G.S. 105-163.015 reads as rewritten:

4 "**§ 105-163.015. Sunset.**

5 This Part is repealed effective for investments made on or after ~~January 1, 2011~~January 1,  
6 2013."

7  
8 **TAX BENEFITS FOR SMALL BUSINESSES THAT PROVIDE HEALTH**  
9 **INSURANCE**

10 **SECTION 1.4.** G.S. 105-129.16E(d) reads as rewritten:

11 "**§ 105-129.16E. Credit for small business employee health benefits.**

12 ...

13 (d) **Sunset.** – This section expires for taxable years beginning on or after ~~January 1,~~  
14 2010January 1, 2014."

15  
16 **TAX BENEFITS FOR PUTTING PEOPLE BACK TO WORK**

17 **SECTION 1.5.** Article 3B of Chapter 105 of the General Statutes is amended by  
18 adding a new section to read:

19 "**§ 105-129.16J. Credit for small businesses that create jobs.**

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

21 (1) Full-time job. – Defined in G.S. 105-129.81.

22 (2) Small business. – A taxpayer that employed no more than 25 full-time  
23 employees at the beginning of the taxable year.

24 (b) **Credit.** – A small business that meets the eligibility requirements of this section and  
25 creates a new, full-time job in this State is allowed a credit. The amount of the credit is equal to  
26 one thousand dollars (\$1,000) for each new full-time job created and maintained for a period of  
27 at least three years. The credit is taken in the taxable year in which the job is created.

28 (c) **Calculation.** – The number of new jobs a taxpayer creates or maintains during the  
29 taxable year is determined by subtracting the average number of full-time jobs the taxpayer had  
30 in this State during the 12-month period preceding the beginning of the taxable year from the  
31 average number of full-time jobs the taxpayer has in this State during the taxable year.

32 (d) **Eligibility Requirements.** – In order to be eligible for a credit under this section, the  
33 taxpayer must satisfy the following eligibility requirements:

34 (1) Environmental impact. – The taxpayer must satisfy the environmental  
35 impact requirement under G.S. 105-129.83.

36 (2) Safety and health programs. – The taxpayer must satisfy the safety and  
37 health programs requirement under G.S. 105-129.83.

38 (3) Overdue tax debts. – The taxpayer must not have any overdue tax debts that  
39 have not been satisfied or otherwise resolved.

40 (e) **Forfeiture.** – A taxpayer forfeits a credit allowed under this section if the taxpayer  
41 was not eligible for the credit for the calendar year in which the taxpayer created the job. In  
42 addition, a taxpayer forfeits a credit if the taxpayer fails to maintain the job for at least three  
43 years. A taxpayer that forfeits a credit under this Article is liable for all past taxes avoided as a  
44 result of the credit plus interest at the rate established under G.S. 105-241.21, computed from  
45 the date the taxes would have been due if the credit had not been allowed. The past taxes and  
46 interest are due 30 days after the date the credit is forfeited; a taxpayer that fails to pay the past  
47 taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

48 (f) **Limitations.** – A taxpayer may not claim a credit under this section with respect to a  
49 job for which the taxpayer claims any other credit under this Chapter for job creation. The  
50 credit allowed by this section may not exceed twenty-five thousand dollars (\$25,000).

1 (g) Report. – The Department must publish by May 1 of each year the total credits  
2 claimed under this section, itemized by taxpayer, for the 12-month period ending the previous  
3 December 31.

4 (h) Sunset. – This section is repealed for jobs created on or after January 1, 2013."  
5

## 6 **PART 2: INCREASE FUNDING FOR SMALL BUSINESS SUPPORT PROGRAMS**

### 7 **LEVERAGE FEDERAL FUNDS TO CREATE RESEARCH JOBS**

8 **SECTION 2.1.** There is appropriated to the Department of Commerce the sum of  
9 one million five hundred thousand dollars (\$1,500,000) for fiscal year 2010-2011 to be  
10 allocated to the One North Carolina Small Business Account.  
11

### 12 **INCREASE FUNDING FOR SUPPORT SERVICES FOR SMALL BUSINESSES**

13 **SECTION 2.2.** There is appropriated to the North Carolina Community College  
14 System the sum of four hundred two thousand eight hundred sixty-one dollars (\$402,861) for  
15 fiscal year 2010-2011 to be used for the Small Business Centers program.  
16

### 17 **INCREASE ACCESS TO CAPITAL FOR SMALL BUSINESSES**

18 **SECTION 2.3.** There is appropriated to the North Carolina Rural Economic  
19 Development Center, Inc., a nonprofit corporation, the sum of one million dollars (\$1,000,000)  
20 for fiscal year 2010-2011 to be used to support existing small businesses by expanding access  
21 to capital.  
22

### 23 **MORE MARKETING FOR BUSINESS LINK NORTH CAROLINA PROGRAM**

24 **SECTION 2.4.** The General Assembly finds that access to information on small  
25 business assistance programs is vitally important to the success of the State's small businesses.  
26 The General Assembly finds further that the Business Link North Carolina program (BLNC)  
27 serves as an excellent clearinghouse for information on small businesses, but that many of the  
28 State's small business owners have not heard of BLNC. The General Assembly, therefore  
29 directs the Department of Commerce to increase its marketing expenditures on the BLNC  
30 program so as to reach the North Carolinians who can best benefit from BLNC's services.  
31

## 32 **PART 3: GENERAL PROVISIONS**

33 **SECTION 3.1.** Notwithstanding Section 1.1 of this act, any amendments to the  
34 Internal Revenue Code enacted after May 1, 2009, that increase North Carolina taxable income  
35 for the 2009 taxable year are effective for taxable years beginning on or after January 1, 2010.  
36

37 **SECTION 3.2.** Section 1.2 of this act is effective for investments made on or after  
38 January 1, 2010. Section 1.5 is effective for taxes imposed for taxable years beginning on or  
39 after January 1, 2010, and for jobs created on or after January 1, 2010. Sections 2.1, 2.2, and  
40 2.3 become effective July 1, 2010. The remainder of this act is effective when it becomes law.  
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