

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 575
Finance Committee Substitute Adopted 5/6/09

Short Title: Modify Corporate Apportionment Formula.

(Public)

Sponsors:

Referred to:

March 12, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO ENCOURAGE THE LOCATION AND EXPANSION OF CAPITAL
3 INTENSIVE COMPANIES IN THIS STATE.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-130.4 is amended by adding a new subsection to read:

6 "(s1) All apportionable income of a capital intensive corporation shall be apportioned by
7 multiplying the income by the sales factor as determined under subsection (l) of this section. A
8 'capital intensive corporation' is a corporation whose property factor as a percentage of the sum
9 of the factors in the formula set out in subsection (i) of this section, including the doubling of
10 the sales factor, exceeds seventy-five percent (75%). A corporation that is subject to this
11 subsection must list on its return the property, payroll, and sales factors it used in determining
12 whether it is a capital intensive corporation."

13 **SECTION 2.** G.S. 105-130.4(i) reads as rewritten:

14 "(i) All apportionable income of corporations other than public ~~utilities and excluded~~
15 ~~corporations—utilities, excluded corporations, and capital intensive corporations~~ shall be
16 apportioned to this State by multiplying the income by a fraction, the numerator of which is the
17 property factor plus the payroll factor plus twice the sales factor, and the denominator of which
18 is four. ~~Provided, that where~~ If the sales factor does not exist, the denominator of the fraction
19 ~~shall be~~ is the number of existing factors and ~~where~~ if the sales factor exists but the payroll
20 factor or the property factor does not exist, the denominator of the fraction ~~shall be~~ is the
21 number of existing factors plus one."

22 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
23 2010.

