

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: Senate Bill 436 (Second Edition)

SHORT TITLE: Extend Sunsets

SPONSOR(S): Senator Hartsell

FISCAL IMPACT (\$ In millions)					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES:					
QBV Tax Credit	\$0.0	\$0.0	\$(7.5)	\$(7.5)	\$(7.5)
Sales Tax Refund	(0.03)				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue					
EFFECTIVE DATE: Effective when the bill becomes law.					

BILL SUMMARY: Senate Bill 436 extends the sunset for the qualified business venture tax credit from January 1, 2013 to January 1, 2016. The qualified business venture tax credit is allowed for an individual taxpayer who invests in a qualifying small business. Qualifying small businesses include a business that engages primarily in manufacturing, processing, warehousing, wholesaling, research and development, or a service-related industry, a business that has received within the preceding three years funding from a federal agency under the Small Business Innovation Research Programs, or a business that has been certified by a research university as currently performing under a licensing agreement with the institution for commercializing technology developed at the institution. The credit is equal to 25% of the amount invested and may not exceed \$50,000 per individual in a single taxable year. The total amount of tax credits allowed to taxpayers for investments made in a calendar year may not exceed \$7.5 million.

Version two of SB 436 also extends the sunset for the sales tax refund for MI Connection for one year for purchases made through June 30, 2011. The 2010 session of the General Assembly enacted HB 455 authorizing MI Connection as an institution eligible for a sales and use tax refund under G.S. 105-164.14. The legislation redefined the types of joint governmental agencies eligible for a sales tax refund under G.S.105-164.14(c). Under the bill, an agency created by an interlocal agreement pursuant to G.S. 160A-462 to be eligible for a sales and use tax refund. The agency must also operate a public broadcast station or “communication system that provides high-speed broadband Internet access service or other Internet access service” or provide other video programming services.

ASSUMPTIONS AND METHODOLOGY: Credit utilization for the qualified business venture tax credit is expected to equal the cap. Therefore, the impact for each year the credit is extended equals the \$7.5 million cap.

SB 436 extends the annual sales and use tax refund allowed to MI Connection for an additional fiscal year. This change reduces General Fund availability by \$25,000 for the 2011-12 fiscal year and local revenues by \$5,000 per fiscal year.

SOURCES OF DATA: Department of Revenue

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Sandra Johnson, Jonathan Tart

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: June 15, 2011



Signed Copy Located in the NCGA Principal Clerk's Offices