

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

S

1

SENATE BILL 733

Short Title: Clarify Intangibles Exemption.

(Public)

Sponsors: Senator Ezzell.

Referred to: Finance.

April 3, 1989

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THAT THE INTANGIBLES TAX DOES NOT APPLY TO FUNDS COMPOSED ENTIRELY OF OBLIGATIONS OF THE UNITED STATES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-203 reads as rewritten:

"§ 105-203. Shares of stock.

All shares of stock (including shares and units of ownership of mutual funds, investment trusts and investment funds) owned by residents of this State or having a business, commercial or taxable situs in this State on December 31 of each year, with the exception herein provided, shall be subject to an annual tax, which is hereby levied, of twenty-five cents (25¢) on every one hundred dollars (\$100.00) of the total fair market value of such stock on December 31 of each year less such proportion of such value as is equal to the proportion of the dividends upon such stock deductible by such taxpayer in computing his income tax liability under the provisions of G.S. 105-130.7 and 105-147(7) without regard to the fifteen-thousand-dollar (\$15,000) limitation under subdivision (7) of G.S. 105-147 and 105-130.7.

The tax herein levied shall not apply to shares of stock in building and loan associations or savings and loan associations which pay a tax as levied under Article 8D of Chapter 105 of the General Statutes, nor to shares of stock owned by any corporation which has its commercial domicile in North Carolina, where such corporation owns more than fifty percent (50%) of the outstanding voting stock.

The tax herein levied shall not apply to shares and units of ownership in an of mutual funds, investment trust, trusts, and investment funds, the corpus of which is composed

1 (i) ~~entirely of obligations of this State or State,~~ (ii) entirely of obligations of the
2 United States ~~and of this State,~~ at least eighty percent (80%) of the fair market value of which
3 ~~represents obligations of this State.~~ States, or (iii) entirely of obligations of the United
4 States and of this State. For the purpose of this paragraph, 'State' includes the State of
5 North Carolina, political subdivisions of this State, and agencies of such governmental
6 units; 'United States' includes the United States and its possessions, and the District of
7 Columbia; 'obligations' includes bonds, notes and other evidences of debt. In order for
8 the exemption provided for in this paragraph to apply, it shall be the duty of the trustees
9 or other administrators, however designated, of an investment trust a mutual fund,
10 investment trust, or investment fund to provide to the Secretary of Revenue, in form
11 satisfactory to him and not later than December 31 of the year with respect to which the
12 exemption applies, information sufficient to establish the applicability of this
13 exemption.

14 Indebtedness incurred directly for the purchase of shares of stock may be deducted
15 from the total value of such shares; provided, the specific shares of stock so purchased
16 are pledged as collateral to secure said indebtedness; provided further, that only so
17 much of said indebtedness may be deducted as is in the same proportion as the taxable
18 value of said shares of stock is to the total value of said shares of stock."

19 Sec. 2. This act is effective for taxable years beginning on or after January 1,
20 1990.