

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE JOINT RESOLUTION 122

Sponsors: Senators Webster; Davis, East, Little, Forrester, Allran, Horton, Foxx, Carrington, McDaniel, Hartsell, Kerr, Cochrane, Ballantine, and Shaw.

Referred to: Appropriations.

February 2, 1995

1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH
2 COMMISSION TO STUDY INTERSTATE TAX COOPERATION TO
3 ELIMINATE MULTIPLE FILING BY INDIVIDUALS WHO OWE INCOME
4 TAX TO MORE THAN ONE STATE.

5 Whereas, many North Carolina citizens work in border states; and

6 Whereas, many residents of those border states also work in North Carolina;

7 and

8 Whereas, in the case of a married couple, one spouse may work in their state
9 of residence while the other works in a border state; and

10 Whereas, in these cases, the individuals have to file state tax returns with
11 more than one state; and

12 Whereas, even for lower-income taxpayers, filing in more than one state can
13 be extremely complex; and

14 Whereas, taxpayers incur extra costs in employing tax preparers to calculate
15 and file these complex, multiple returns and experience frustration in handling
16 burdensome paperwork; and

17 Whereas, other states, notably Virginia and Maryland, have solved this
18 problem through interstate tax agreements in which the states cooperate in exchanging
19 and processing tax information, eliminating the need for multiple, complex tax filing by
20 individuals; and

21 Whereas, such interstate cooperation may be beneficial for North Carolina
22 and its residents;

1 Now, therefore, be it resolved by the Senate, the House of Representatives concurring:

2 Section 1. The Legislative Research Commission is authorized to study
3 interstate tax agreements regarding income taxes of individuals who work across North
4 Carolina's borders from their states of residence. These agreements generally provide
5 that an individual residing in one state (residence state) and employed in another state
6 (work state) is taxed as if the earnings in the work state were sourced in the residence
7 state; they also provide for the work state employer to withhold residence state income
8 taxes. In conducting this study, the Commission should:

- 9 (1) Examine agreements, including mutual compliance enforcement
10 provisions, existing between other states adjoining one another.
- 11 (2) Consult with appropriate officials of Virginia, South Carolina,
12 Tennessee, and Georgia.
- 13 (3) Determine whether the goals of reducing taxpayer burden, simplifying
14 tax administration, and increasing taxpayer compliance could be
15 achieved by the adoption of appropriate tax agreements.
- 16 (4) Draft proposed agreements and any necessary enabling legislation to
17 recommend to the General Assembly.

18 Sec. 2. The Commission may call upon the Department of Revenue to
19 cooperate with it in its study. The Secretary of Revenue shall ensure that the
20 Department's staff cooperates fully with the Commission.

21 Sec. 3. The Commission shall make a final report of its recommendations to
22 the 1997 General Assembly and may make an interim report to the 1996 Regular
23 Session of the 1995 General Assembly.

24 Sec. 4. This resolution is effective upon ratification.