

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1551

Short Title: Conform Tax on Banks.

(Public)

Sponsors: Representatives Michaux; Insko, Miller, and Weiss.

Referred to: Finance.

June 6, 2002

A BILL TO BE ENTITLED

AN ACT TO CONFORM STATE INCOME TAX ON BANKS TO FEDERAL
INCOME TAX ON BANKS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-130.5(a) is amended by adding a new subdivision to
read:

"(2a) That portion of a financial institution's interest expense that is allocable to interest income exempt from taxation under this Part. The allocable portion of the interest expense is the portion for which deduction would be disallowed pursuant to section 265(b) of the Code if the interest were earned on a tax-exempt obligation as defined in section 265(b) of the Code."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2002, and expires for taxable years beginning on or after January 1, 2005.