

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011**

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**HOUSE BILL 1117**

Short Title: Enhance R&D Tax Credit for Small Businesses. (Public)

Sponsors: Representatives Wray, Tolson, Lucas, and Wainwright (Primary Sponsors).  
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Commerce and Job Development, if favorable, Finance.

May 24, 2012

A BILL TO BE ENTITLED

AN ACT TO ENHANCE THE TECHNOLOGY DEVELOPMENT TAX CREDITS FOR  
SMALL BUSINESSES.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-129.50(10) reads as rewritten:

"The definitions in section 41 of the Code apply in this Article. In addition, the following definitions apply in this Article:

...

(10) Small business. – A business whose annual receipts, combined with the annual receipts of all related persons, for the applicable period of measurement did not exceed ~~one million dollars (\$1,000,000)~~; two million five hundred thousand dollars (\$2,500,000)."

**SECTION 2.** G.S. 105-129.55(a) reads as rewritten:

"(a) Qualified North Carolina Research Expenses. – A taxpayer that has qualified North Carolina research expenses for the taxable year is allowed a credit equal to a percentage of the expenses, determined as provided in this section. Only one credit is allowed under this section with respect to the same expenses. If more than one subdivision of this section applies to the same expenses, then the credit is equal to the higher percentage, not both percentages combined. If part of the taxpayer's qualified North Carolina research expenses qualifies under more than one subdivision of this section, the applicable percentages apply separately to each part of the expenses.

(1) Small business. – If the taxpayer was a small business as of the last day of the taxable year, the applicable percentage is ~~three and one quarter percent (3.25%)~~; five percent (5%).

...

(2a) University research. – For North Carolina university research expenses, the applicable percentage is ~~twenty percent (20%)~~; twenty-five percent (25%).

...."

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

2013.

