

Bill Filings Pour in While Tax Cuts and Tax Credits Gain Traction

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Bill Filing Deadline

Last Thursday's Senate bill filing deadline made the week one of the busiest of 2015 for legislators, bill drafters, and lobbyists. The 3:00 p.m. Thursday deadline for all Senate proposals to be filed caused a tidal wave of bills - 195 of the Senate's 711 bills year to date - to be released in just one day.

Of those 195 bills, there certainly is something for everyone, with legislation covering subjects as diverse as indecent exposure, authorization of a study of third year law student practice rules, The Home Birth Freedom Act, Medicaid reform, local food sourcing tax credits, a resolution to honor Duke University's Coach Krzyzewski's 1,000th career win, revenue laws changes, expansion of grandparents' visitation rights, a proposed moratorium on the use of the death penalty in North Carolina, legislation that would repeal North Carolina's Certificate of Need and Certificate of Public Advantage laws, and several pieces of firearm legislation, including a proposal to exempt North Carolina firearms from federal regulation.

After the House's bill filing deadline passes next week, legislators will not have the opportunity to introduce most types of new legislation until January of 2017. Finance and appropriations bills, local bills (bills involving 14 or fewer counties), and a few other exceptions can still filter in after next week, but only upon meeting specific criteria.

If there's one thing that every legislator and General Assembly onlooker can agree on, it's that we're all looking forward to the bill filing tidal wave slowing to a trickle.

Income Tax and Gas Tax Cuts

A handful of Senate leaders found time during the busy week to file legislation that they say would deliver \$1 billion in tax cuts to North Carolina individuals and businesses. Senate Bill 526 - The Job Creation and Tax Relief Act of 2015 would lower corporate income tax rates to 4.5 percent in 2016 and 4 percent in 2017, repealing the revenue target requirements that were tied to those tax cuts in the tax reform legislation enacted in 2013. The bill also would implement a single sales factor apportionment taxing method that is estimated to save North Carolina companies \$75 million annually.

If enacted, the legislation would go on to gradually lower personal income tax rates to 5.5 percent by 2017. It also would give North Carolinians a zero percent income bracket option that could apply to up to \$20,000 worth of income by 2017 for married filing jointly taxpayers.

After the House and Senate passed conflicting legislation regarding gas tax rates, which we wrote about previously here, a conference committee was appointed tasking a handful of members from both chambers to work out the differences between the two proposals. After two weeks of negotiations that were closed to the public, the conferees announced their compromise plan last Thursday. The bill would begin by gradually

trimming the gas tax rate over a two-year period beginning this week while eventually blocking significant future gas tax rate decreases in order to prevent state transportation funding shortfalls. If approved in final Senate and House votes and signed into law by the Governor, the compromise bill will bring the state's current gas tax rate of 37.5 cents per gallon down to 34 cents per gallon next summer.

Historic Preservation Tax Credits

Despite some opposition, legislation to modify and reinstate the state's historic preservation tax credits received final approval from the House last Thursday. House Bill 152 - New Historic Preservation Tax Credit has been championed by a large number of House members whose districts experienced the credit's benefits before it expired last December, including primary sponsor Representative Stephen Ross. After two days of debate, three failed amendment attempts and a final vote count of 98-15, the measure now will be sent to the Senate where it is likely to encounter some turbulence, if it ever gets off the ground.

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