

NORTH CAROLINA GENERAL ASSEMBLY
1975 SESSION

CHAPTER 130
SENATE BILL 193

AN ACT TO PROVIDE FOR THE IMPOSITION OF A FRANCHISE TAX ON HOLDING COMPANIES AND TO LIMIT FRANCHISE TAX PAYMENTS BY HOLDING COMPANIES AND THEIR SUBSIDIARIES DOING BUSINESS IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. Article 3 of Subchapter I of Chapter 105 of the General Statutes is amended by adding thereto a new G.S. 105-120.2, immediately following G.S. 105-120.1, to read as follows:

"§ 105-120.2. **Franchise or privilege tax on holding companies.** — (a) Every corporation, domestic and foreign, incorporated or, by an act, domesticated under the laws of this State or doing business in this State which, at the close of its taxable year is a holding company as defined in subsection (c) of this section, shall, pursuant to the provisions of G.S. 105-122:

- (1) make a report and statement, and
 - (2) determine the total amount of its issued and outstanding capital stock, surplus and undivided profits, and
 - (3) apportion such outstanding capital stock, surplus and undivided profits to this State.
- (b) (1) Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the report and statement are due, a franchise or privilege tax, which is hereby levied, at the rate of one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than seventy-five thousand dollars (\$75,000) nor less than ten dollars (\$10.00).
- (2) Notwithstanding the provisions of paragraph (1) of this subsection, if the tax produced pursuant to application of this paragraph (2) exceeds the tax produced pursuant to application of paragraph (1), then the tax shall be levied at the rate of one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) on the greater of the amounts of
- (A) fifty-five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of intangible property returned for taxation of intangible personal property as computed under G.S. 105-122(d); or
 - (B) the total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).

(c) For purposes of this section, a holding company is any corporation which receives during its taxable year more than eighty percent (80%) of its gross income from corporations in which it owns directly or indirectly more than fifty percent (50%) of the outstanding voting stock.

(d) In determining the total tax payable by any corporation under this section, there shall be allowed as credit on such tax the amount of intangibles tax paid on bank deposits under the provisions of Section 105-199 to the extent that such deposits have been concurrently included in the alternative appraised value tax base pursuant to the provisions of this section except that the minimum tax herein provided shall not be less than ten dollars (\$10.00).

(e) Counties, cities and towns shall not levy a franchise tax on corporations taxed under this section. The tax imposed under the provisions of G.S. 105-122 shall not apply to businesses taxed under the provisions of this section."

Sec. 2. This act shall become effective with respect to taxable years beginning on and after January 1, 1976.

In the General Assembly read three times and ratified, this the 11th day of April, 1975.