



## 2008 North Carolina Legislative Tax & Incentive Update

- **R&D Tax Credit**
  - o The tax credit for research and development was extended to 2014. This tax credit is a cost-effective policy tool that augments private investment and allows business to plan long-term projects
- **Sales Taxes**
  - o Legislation clarified that manufacturers engaged in “refurbishing” or “re-manufacturing” are exempt from sales tax on purchases of machinery and equipment.
  - o Small Business Sales Tax Ambiguity Eliminated - A provision was included in the state budget that will result in consistent revenue laws and forgive any sales tax that the Department of Revenue had claimed several industries owed due to sales tax ambiguity.
- **Ports Tax Credit**
  - o The State Ports Tax Credit has been extended to 2014, which is available to taxpayers who load and unload cargo at state-owned ports.
- **Infrastructure & Transportation**
  - o Legislation passed that phases out the annual transfer of \$170 million from the Highway Trust Fund to the General Fund and will provide funding to important NC Turnpike Authority projects.
  - o Legislation passed that updates archaic regulations related to trucks and farm equipment that will allow for more efficient movement of goods to help ensure that intrastate transportation measures up to NC's neighboring states.
- **Gift Tax Repealed**
  - o The state gift tax was repealed, effective in 2009. The punitive nature of the gift tax made it difficult for small business owners to transfer assets and NC is one of only three states that still has a gift tax.
- **Health Care for Small Business**
  - o The Small Business Health Benefits Credit will help NC's small employers, who provide health benefits for their full-time employees. The tax credit has been extended to 2010.
- **Permitting**
  - o Legislation passed to overturn previous permit regulations on boat hauling to encourage the boat manufacturing sector and negate the negative impact of burdensome regulations on NC's \$16 billion tourism industry.
  - o Legislation passed that established an express permitting for construction by developers and businesses to make government more responsive and current processes more efficient.

Source: NC Chamber. For further tax and incentive information please contact the NC Department of Revenue at [www.dor.state.nc.us](http://www.dor.state.nc.us), the NC Chamber or Commerce [www.ncchamber.net](http://www.ncchamber.net) or the NC Department of Commerce at [www.nccommerce.com](http://www.nccommerce.com). 8/2008





## 2008 South Carolina Legislative Tax & Incentive Update

1. Manufacturers not under fee-in-lieu's are not required to pay property taxes on M&E located in a facility which has not been operational for the past fiscal year.
2. LLCs now qualify for corporate headquarters credit.
3. The requirements for corporate headquarters have been relaxed; the minimum 75 new corporate headquarters jobs must now earn twice the state per capita income (up from 1.5 times) but the remaining SC employees are no longer required to earn twice the state's per capita.
4. Qualified Service Related facilities (QSRF) are now eligible to use Job Development Credits to pay for employee relocation expenses.
5. QSRFs now have 5 years to meet their minimum employee total without regard to monthly or other averaging.
6. Several amendments were made to the Utility Tax Credit statute: (1) county owned office buildings or industrial parks must be used exclusively for economic development (presumably disqualifying hospitals, county office buildings, etc.); (2) the statute further clarifies that counties may sell all or a portion of industrial parks; (3) expenditures for wastewater and hydrogen now qualify; (4) due diligence expenditures, including environmental, made by a county before acquiring land for an industrial park now qualify.
7. Counties may consent to the inclusion of corporate aircraft in a fee-in-lieu (even aircraft previously subject to taxation in SC).
8. The process of county consent to the assignment of a fee-in-lieu (e.g., when a plant is sold) is greatly simplified and clarified.
9. Warehouses not in a fee-in-lieu which are owned by a manufacturer are taxed at 6% (not 10.5%); Note: this section has a delayed effective date).
10. The Textile Community Revitalization Act, which provides income or property tax incentives for the redevelopment of closed textile mills, is rewritten.
11. A partial ATAX exemption is provided for large Motorsports Entertainment complexes.

Source: South Carolina Economic Developers' Association, Legislative Committee. For further tax and incentive information please contact the SC Department of Revenue at [www.sctax.org](http://www.sctax.org) or the SC Department of Commerce at [www.sccommerce.com](http://www.sccommerce.com). 7/2008

