

# TABLED



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 259

AMENDMENT NO. A22  
(to be filled in by  
Principal Clerk)

H259-AMW-18 [v.1]

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Amends Title [NO]  
Fourth Edition

Date \_\_\_\_\_, 2023

Senator Mayfield

1 moves to amend the bill on page 388, lines 22-23, by inserting the following between the lines:

2 **"SMALL BUSINESS CAPITAL IMPROVEMENT ACCOUNT**

3 **SECTION 42.20.(a)** G.S. 105-153.5 reads as rewritten:

4 **"§ 105-153.5. Modifications to adjusted gross income.**

5 ...

6 (b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
7 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
8 the taxpayer's adjusted gross income:

9 ...

10 (7a) The amount deposited during the taxable year by a taxpayer that is a small  
11 business to a capital improvement account. The deduction allowed by this  
12 subdivision is limited to deposit amounts of five percent (5%) of the taxpayer's  
13 adjusted gross income up to one million dollars (\$1,000,000), two percent  
14 (2%) of the taxpayer's adjusted gross income above one million dollars  
15 (\$1,000,000) up to two million dollars (\$2,000,000), and one percent (1%) of  
16 the taxpayer's adjusted gross income above two million dollars (\$2,000,000)  
17 up to three million dollars (\$3,000,000). For purposes of this subdivision, a  
18 "small business" is a business whose cumulative gross receipts from business  
19 activity for the taxable year do not exceed ten million dollars (\$10,000,000)  
20 and a "capital improvement account" is an account at a federally insured  
21 banking institution into which are deposited amounts to be used solely for an  
22 improvement that adds value to real property owned and used exclusively by  
23 the small business, prolongs the useful life of such property at least 10 years,  
24 or adapts such property to new uses for the small business.

25 ...

26 (c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the  
27 taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's  
28 adjusted gross income:

29 ...

30 (7a) The amount deducted in a prior taxable year pursuant to subdivision (7a) of  
31 subsection (b) of this section to the extent this amount was withdrawn and not  
32 used to pay for improvements listed in that subdivision.



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1 ...."

2 **SECTION 42.20.(b)** Section 42.20(a) of this act is effective for taxable years  
3 beginning on or after January 1, 2023.

4  
5 **SMALL BUSINESS INVESTMENT GRANT**

6 **SECTION 42.21.(a)** Appropriation. – There is appropriated from the General Fund  
7 to the Department of Commerce the sum of two hundred fifty million dollars (\$250,000,000) to  
8 be used as provided in this section. Funds appropriated in this section do not revert but remain  
9 available to the Department for these purposes.

10 **SECTION 42.21.(b)** Purpose. – The purpose of this section is to help small  
11 businesses in North Carolina that experienced economic disruption as a result of the COVID-19  
12 pandemic by providing grants awarded by the Department, in consultation with the North  
13 Carolina Department of Revenue, to offset the economic harm suffered and to promote economic  
14 development and maintain economic stability by helping to preserve and sustain a vital element  
15 of the State's economy.

16 **SECTION 42.21.(c)** Small Business Recovery Program. – There is created the  
17 COVID-19 Small Business Recovery Program to be administered by the Department of  
18 Commerce. The Department may provide a one-time grant to each qualifying business. For  
19 purposes of this section, a qualifying business is an entity (i) subject to income tax under Article  
20 4 of Chapter 105 of the General Statutes, (ii) with annual receipts, when combined with the  
21 annual receipts of all related persons, for the 2019 tax year of eight million dollars (\$8,000,000)  
22 or less, and (iii) a reduction of at least twenty-five percent (25%) in sales tax collections resulting  
23 from the COVID-19 pandemic for the 2020 tax year when compared to collections for the 2019  
24 tax year.

25 **SECTION 42.21.(d)** Grant Program Application; Limitations. – A qualifying  
26 business must apply to the Department for a grant during the time frame and on a form prescribed  
27 by the Department and must include any supporting documentation required by the Department.  
28 The Department may accept applications until the funds appropriated in this section have been  
29 fully awarded. The grant amount to a qualifying business may not exceed the lesser of (i) two  
30 hundred fifty thousand dollars (\$250,000) or (ii) the amount of reduction in sales tax collections  
31 of the qualifying business resulting from the COVID-19 pandemic for the 2020 tax year when  
32 compared to collections for the 2019 tax year. The total of all grants awarded under this Program  
33 may not exceed two hundred fifty million dollars (\$250,000,000). The Department shall verify  
34 that the business is a qualifying business with the Department of Revenue. Notwithstanding  
35 G.S. 105-259, the Department of Revenue may disclose tax information to the Department of  
36 Commerce to verify eligibility for the program. The Department's grant determinations based on  
37 applications filed are final.

38 **SECTION 42.21.(e)** Clawback. – A grant under the program authorized in this  
39 section shall be conditioned on a recipient business maintaining operations for a minimum of six  
40 months following receipt of the grant, and the Department shall clawback a proportionate amount  
41 of the grant for any portion of the six months the recipient business does not maintain business  
42 operations.

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1           **SECTION 42.21.(f)** G.S. 105-153.5(b) is amended by adding a new subdivision to  
2 read:

3           "(15a) The amount granted to a taxpayer during the taxable year under the Small  
4           Business Recovery Program."

5           **SECTION 42.21.(g)** Subsection (f) of this section is effective for taxable years  
6 beginning on or after January 1, 2023, and expires for taxable years beginning on or after January  
7 1, 2024. The remainder of this section is effective when it becomes law.

8  
9 **BUSINESS INCOME TAX DEDUCTION**

10           **SECTION 42.22.(a)** G.S. 105-153.5(b) is amended by adding a new subdivision to  
11 read:

12           "(17) An amount not to exceed seventy-five thousand dollars (\$75,000) of net  
13           business income the taxpayer receives during the taxable year. In the case of  
14           a married couple filing a joint return where both spouses receive or incur net  
15           business income, the maximum dollar amounts apply separately to each  
16           spouse's net business income, not to exceed a total of one hundred fifty  
17           thousand dollars (\$150,000). For purposes of this subdivision, the term  
18           "business income" does not include income that is considered passive income  
19           under the Code."

20           **SECTION 42.22.(b)** Subsection (a) of this section is effective for taxable years  
21 beginning on or after January 1, 2023."; and

22  
23 on page 249, lines 16-17, by inserting the following between the lines:

24  
25 **"FUNDING FOR FILM GRANTS**

26           **SECTION 11.15.** There is appropriated from the General Fund to the Department  
27 of Commerce the sum of thirty-four million dollars (\$34,000,000) in nonrecurring funds for each  
28 year of the 2023-2025 fiscal biennium to be allocated to the Film and Entertainment Grant Fund  
29 created pursuant to G.S. 143B-437.02A and used for purposes consistent with that statute.

30  
31 **NATIONAL INSTITUTE OF MINORITY ECONOMIC DEVELOPMENT**

32           **SECTION 11.16** There is appropriate from the General Fund to the Department of  
33 Commerce the sum of five million dollars (\$5,000,000) in recurring funds for each year of the  
34 2023-2025 fiscal biennium, and two million dollars (\$2,000,000) in nonrecurring funds for the  
35 2023-2024 fiscal year to be allocated to the National Institute for Minority Economic  
36 Development (the "Institute"), a nonprofit corporation, to be used for purposes consistent with  
37 the Institute's mission."; and

38  
39 on page 246, lines 40-41, by deleting "ten million dollars (\$10,000,000)" and substituting the  
40 following "two hundred one million dollars (\$201,000,000)"; and

41  
42 on page 248, lines 4-5, by inserting the following between the lines:

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1           **"SECTION 11.11.(c)** Notwithstanding any other provision of law or of the  
2 Committee Report referenced in Section 43.2 of this act to the contrary, the funds appropriated  
3 by this act to Megasites Readiness Program in item 66 on page D39 of the Senate Committee  
4 Report dated May 16, 2023, shall be increased by one hundred ninety-one million dollars  
5 (\$191,000,000) in nonrecurring funds for the 2023-2024 fiscal year, and the funds appropriated  
6 to the Opportunity Scholarships Grant Fund Reserve in item 106 on page B41 of the Senate  
7 Committee Report dated May 16, 2023, shall be reduced by one hundred ninety-one million  
8 dollars (\$191,000,000) in nonrecurring funds for the 2023-2024 fiscal year."; and  
9  
10 on page 249, lines 16-17, by inserting the following language between those lines:  
11 **"CANTON PAPER MILL RESPONSE**  
12           **SECTION 11.17** The sum of five million dollars (\$5,000,000) in nonrecurring funds  
13 for the 2023-2024 fiscal year is appropriated from the General Fund to the Department of  
14 Commerce. The Department shall utilize the fund for needs related to the closure of the Pactiv  
15 Evergreen Paper Mill located in Canton, North Carolina, including employee workforce  
16 development and community revitalization needs.";  
17  
18 and by adjusting the appropriate totals accordingly.  
19  
20

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_