



SENATE BILL 628: Various Changes to the Revenue Laws.

2017-2018 General Assembly

Committee:		Date:	August 3, 2017
Introduced by:	Sens. Tillman, Brock, Tucker	Prepared by:	Cindy Avrette Staff Attorney
Analysis of:	Conference Report (S628-CRRB-3)		

OVERVIEW: *The House made various changes to Senate Bill 628. The chart below describes the changes made by the House and the conference report provisions agreed upon by the House and Senate conferees:*

PART I: Business Tax Changes		
House modified effective date of Sec. 1.3 to 2020 to avoid \$7M loss in current biennium. This provision reinstated a franchise tax deduction for certain indebtedness.	Sec. 1.3	Senate accepted House change.
Current law caps tax liability of captive insurance companies at \$200,000. Senate removed the cap; House increased cap to \$500,000.	Sec. 1.10	This section was removed from the bill. No change to current law.
House directed the Revenue Laws Committee to study the additional rate of 0.74% applicable to the gross premiums on insurance contracts for property coverage and determine whether the additional rate is part of the gross premiums tax imposition. The Senate found that the additional rate was not part of the gross premiums tax imposition	Sec. 1.11	Compromise: <ul style="list-style-type: none"> Clarify that tax credit may not be claimed against the additional tax Allow taxpayers to claim an installment or carryforward of a credit against the additional tax for taxable years prior to 2017
House added a provision from SB 114 that required the filing of an annual report with the Secretary of State rather than the Department of Revenue.	Sec. 1.13	Senate accepted House change.
House added a provision requiring the Department of Revenue to study the feasibility of allowing the federal tax extension to be used as an application for a tax extension.	Sec. 1.14	Senate accepted House change.

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PART II: Sales Tax Changes		
House added a provision allowing the Secretary of Revenue to reduce by 90% a sales tax assessment that involves the failure to properly collect sales and use tax on charges for vacation rental linens limiting the sales tax liability of retailers for past assessments re: certain vacation rental linens.	Sec. 2.8A	Senate accepted House change, as amended: Changed requirement that taxpayer request that the assessment be reduced, per this law change, from 45 days from the date of the notice of proposed assessment to 120 days.
House added the contents of SB 552 to the bill. The provision simplifies the collection and remittance use tax due and payable on the repair and maintenance of a boat or aircraft. The provision does not change the amount of tax due.	Sec. 2.11	Senate accepted House change.
House added a sales tax exemption for RMI services for an aircraft with a gross take-off weight of more than 2,000 pounds, effective for sales occurring on or after July 1, 2019.	Sec. 2.12	Senate accepted House change.
PART III: Tax Enforcement and Collection <i>No Differences</i>		
PART IV: Administrative Changes		
The Senate changed the term "taxpayer" to "aggrieved party" thereby allowing either a taxpayer or the Department of Revenue to appeal a decision of OAH to the Superior Court of Wake County. The House removed the provision.	Sec. 4.1(e)	House moved to Senate position. Section added to bill by Conference Report
House added a provision to modify a budget provision. The change gives the Department of Revenue additional time to complete the transfer and consolidation of its information technology to the Department of Information Technology due to the heightened security requirements imposed by the federal government for purposes of sharing taxpayer information, which are not yet in place at DIT.	Sec. 4.8	Senate accepted House change, as amended: Conference Report recognizes that Senate Bill 257 is now law, S.L. 2017-57.
PART V: Property Tax Changes		
House added a property tax exemption for a mobile classroom or modular unit that is occupied by a school and is wholly and exclusively used for educational purposes, regardless of the ownership of the property, effective July 1, 2017.	Sec. 5.4	Senate accepted House change, as amended: Effective date changed to July 1, 2018.

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PART VI: Other Changes		
House added a provision to allows money collected or received by a local government to be submitted to a cash collection service and eliminated the monthly deposit requirement if the money on hand is less than \$250.	Sec. 6.1	Senate accepted House change, as amended: Dollar amount increased from \$250 to \$500.
Adds the contents of HB 164, Income tax check-off for charitable donation for breast cancer awareness, effective for taxable years on or after January 1, 2017, and expiring for taxable years on or after January 1, 2021.	Sec. 6.2	Added to Conference Report.
Corrects interpretation of motor fuel excise tax change made by House Bill 59, S.L. 2017-39.	Sec. 6.3	Added to Conference Report.