



2017-2018 General Assembly

SENATE BILL 99: Appropriations Act of 2018, Sec. 5.6: Tax Deduction for Certain Hurricane Relief Payments

Committee:
Introduced by:
Analysis of: Sec. 5.6 of S.L. 2018-5

Date: August 14, 2018
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OVERVIEW: Secs. 5.6(j) and 5.6(k) of the Appropriations Act of 2018, S.L. 2018-5, adds two tax deductions for hurricane relief payments from the State Emergency Response and Disaster Relief Reserve Fund:

- Individual taxpayers may deduct hurricane relief payments from adjusted gross income under new G.S. 105-153.5(b)(13) excluding payments for goods or services provided by the taxpayer.
- Corporate taxpayers may deduct hurricane relief payments from federal taxable income under new G.S. 105-130.5(b)(29) excluding payments for goods or services provided by the taxpayer.

The deductions are effective for taxable years beginning on or after January 1, 2017.

CURRENT LAW: The uncodified "general welfare doctrine" excludes need-based, governmental payments from income subject to individual income tax.

G.S. 105-164.13(58) exempts from sales tax tangible personal property purchased with a client assistance debit card issued for disaster assistance relief by a State agency or a federal agency.

Former G.S. 105-134.6(b)(16) and G.S. 105-134.6(b)(18) provided individual tax deductions for certain disaster relief payments.

Former G.S. 105-130.5(b)(19) and G.S. 105-130.5(b)(22) provided corporate tax deductions for certain disaster relief payments.

BILL ANALYSIS: Sec. 5.6(j) of the Appropriations Act of 2018, S.L. 2018-5, adds new G.S. 105-153.5(b)(13) that excludes from individual income subject to tax the amount paid to the taxpayer during the taxable year from the State Emergency Response and Disaster Relief Reserve Fund for hurricane relief or assistance, but not including payments for goods or services provided by the taxpayer.

Sec. 5.6(k) of the Appropriations Act of 2018, S.L. 2018-5, adds new G.S. 105-130.5(b)(29) that excludes from corporate income subject to tax the amount paid to the taxpayer during the taxable year from the State Emergency Response and Disaster Relief Reserve Fund for hurricane relief or assistance, but not including payments for goods or services provided by the taxpayer.

EFFECTIVE DATE: Secs. 5.6(j) and 5.6(k) of the Appropriations Act of 2018, S.L. 2018-5, are effective for taxable years beginning on or after January 1, 2017.

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