

TABLE 16. FRANCHISE TAX COLLECTIONS
[§ 105 ARTICLE 3.]

[The Tax Simplification and Reduction Act of 2013 repeals §§ 105-116 and 105-116.1 effective July 1, 2014, applicable to gross receipts billed on or after that date.]

Fiscal year	Franchise Tax Gross Collections						Franchise Tax Net Collections Before & After Deductions										Year-over-year % change			
	Taxpayer Type						Refunds	Net collections before transfers/deductions	§ 105-116.1 Municipal/local share††	Administrative costs	Collection fees on overdue tax debts	OSBM Civil Penalty & Forfeiture Fund	Collection cost of fines/forfeitures	Inter-governmental/inter-fund transfers	Net collections to General Fund	Gross collections	Refunds	Net collections	Amount to General Fund	
	Utilities†				Other [Business Corporations, Burial Assns.]	Total gross collections														
	§ 105-116 Power	Gas	§ 105-116 Water & Sewer	Telephone																
2001-02.	281,575,454	-	2,084,385	58,159,018	266,909,430	608,728,287	8,337,902	600,390,385	88,962,299	87,500	83,376	-	-	64,986,530	446,270,680	-7.84%	38.81%	-8.27%	-23.11%	
2002-03.	255,511,612	-	2,286,030	322,145	301,503,663	559,623,448	6,748,194	552,875,255	123,528,913	43,772	174,565	-	-	-	429,128,005	-8.07%	-19.07%	-7.91%	-3.84%	
2003-04.	251,948,379	-	2,088,287	372,744	327,828,064	582,237,474	9,460,029	572,777,445	127,251,328	77,594	154,037	-	-	-	445,294,486	4.04%	40.19%	3.60%	3.77%	
2004-05.	264,720,551	-	2,167,437	-	370,157,694	637,045,682	7,255,355	629,790,327	130,939,863	76,314	92,760	-	-	-	498,681,391	9.41%	-23.31%	9.95%	11.99%	
2005-06.	291,633,056	-	2,841,294	-	348,762,264	643,236,615	24,698,444	618,538,171	138,492,509	89,261	118,318	2,782,974	-	-	477,055,108	0.97%	240.42%	-1.79%	-4.34%	
2006-07.	307,698,448	-	2,502,510	-	376,923,993	687,124,951	15,043,431	672,081,519	137,257,731	71,153	192,209	3,135,221	13,065	-	531,412,140	6.82%	-39.09%	8.66%	11.39%	
2007-08.	325,129,273	-	3,610,522	-	417,715,525	746,455,320	7,045,995	739,409,325	160,484,424	102,335	163,570	4,181,105	17,087	-	574,460,805	8.63%	-53.16%	10.02%	8.10%	
2008-09.	330,828,428	-	3,235,011	-	509,183,231	843,246,670	17,647,835	825,598,834	168,483,698	105,668	76,780	4,973,092	20,925	-	651,938,670	12.97%	150.47%	11.66%	13.49%	
2009-10.	334,860,001	-	3,658,951	-	582,131,144	920,650,096	12,108,720	908,541,376	178,430,323	107,406	282,804	5,242,927	24,229	2,310	724,451,377	9.18%	-31.39%	10.05%	11.12%	
2010-11.	340,671,401	-	4,920,624	-	473,310,864	818,902,889	17,879,536	801,023,352	188,267,524	109,700	136,303	4,806,389	20,757	182,327	607,500,353	-11.05%	47.66%	-11.83%	-16.14%	
2011-12.	331,542,797	-	4,369,065	-	477,292,015	813,203,876	12,182,051	801,021,825	184,351,730	111,936	246,274	3,741,239	15,402	27,508	612,527,735	-0.70%	-31.87%	0.00%	0.83%	
2012-13.	339,395,679	-	4,208,847	-	526,425,624	870,030,150	7,464,726	862,565,424	196,669,118	99,390	202,217	5,353,176	21,499	78,898	660,141,126	6.99%	-38.72%	7.68%	7.77%	
2013-14.	343,338,249	-	3,858,691	-	568,697,709	915,894,648	11,791,384	904,103,264	203,353,181	-	200,431	3,494,245	14,033	28,881	697,012,493	5.27%	57.96%	4.82%	5.59%	
2014-15.	21,399,211	-	1,331,404	-	578,630,712	601,361,327	52,237,690	549,123,637	-	-	148,162	4,833,423	19,899	-	544,122,153	-34.34%	343.02%	-39.26%	-21.94%	
2015-16.	-	-	44,336	-	541,586,479	541,630,815	12,480,240	529,150,575	-	-	260,934	4,502,357	18,990	-	524,368,294	-9.93%	-76.11%	-3.64%	-3.63%	

Franchise tax rates and bases:

Utility franchise tax† :	Rate	Base
Power	3.22%	Gross receipts derived from furnishing power, electricity, electric lights, or current. [Repealed by SL 2013-316, s. 4.1(a).; gross receipts billed on or after July 1, 2014, are subject to the combined general rate under Article 5, § 105-164.4(a)(9) (reduced 3.5% rate provision applies to CHEMC for a one-year period).]
Gas	-----	Effective July 1, 1999, sales of piped natural gas became subject to the piped natural gas excise tax (previously subject to sales and franchise taxes). [SL 2013-316, s. 4.1(d) repeals the piped natural gas tax effective July 1, 2014; gross receipts billed on or after this date are subject to the 7% combined general rate of sales and use tax under § 105-164.4(a)(9) (reduced 3 5% rate provision applies to gas cities for a one-year period).]
Water	4%	Gross receipts from owning or operating a water system subject to regulation by the NC Utilities Commission. [Repealed by SL 2013-316, s. 4.1(a).]
Sewer	6%	Gross receipts from owning or operating a public sewerage company. [Repealed by SL 2013-316, s. 4.1(a).]
Telephone	-----	Effective January 1, 2002, telecommunications reform legislation repeals the telephone franchise tax and concurrently enacts legislation that consolidated all taxes on telecommunications services into a single State sales tax rate of 6% [7% combined general rate effective October 1, 2005]. [6.75% effective December 1, 2006; 7% effective April 1, 2008; 8% effective September 1, 2009; 7% effective July 1, 2011]
Business corporations†††:	\$1.50 per \$1,000 of the largest of 3 alternate bases; (minimum tax, \$35)	Three alternate bases: (1) capital stock, surplus & undivided profits apportioned to NC [††† simplified calculation replaces this base with net worth]. (2) 55% of the appraised value of real & tangible property in NC. (3) investment in tangible property in NC.

†††SL 2015-41 simplifies the calculation of the business corporation franchise tax and increases the annual minimum tax from \$35 to \$200; as amended by SL 2016-5, the franchise tax modifications are effective for taxable years beginning on or after January 1, 2017, and apply to the calculation of franchise tax reported on the 2016 and later corporate income tax return (effective date as amended, May 11, 2016).

Mutual burial associations: \$15-\$50 flat tax Based on membership. [Repealed by SL 2016-5, s. 1.1(a) for taxes due on or after April 1, 2017.]

††Municipal/local share amounts reflect actual payments to municipalities during the fiscal year indicated.

Intergovernmental, inter-fund transfers

In fiscal year 2001-02, the State retained \$64,986,530 in allocated municipal utility franchise tax distribution monies to partially offset the budgetary shortfall.

Beginning with fiscal year 2009-10, the amount shown is the transfer of funds for purchases and costs related to the implementation of TIMS and PDP components [SL 2009-451, s. 6.20(a)]

2004-05 Voluntary Compliance Program

Limited amnesty was granted as result of a court case to corporate and individual taxpayers who had engaged either in tax strategies causing income that would otherwise be taxable in North Carolina to be shifted out-of-state, or in other tax shelters eliminating or minimizing their tax burden. Franchise tax collections include \$22,859,455 attributable to this program.

Settlement Initiative

2006-07 A Settlement Initiative launched during 2006 focused on corporate and individual taxpayers who had improperly utilized certain tax strategies which minimized the taxpayer's North Carolina tax burden.

Franchise tax collections include \$4,518,477 attributable to this effort.

2009-10 Corporate Resolution Initiative

A corporate resolution initiative launched during 2009 focused on corporate taxpayers with significant outstanding tax bills. Franchise tax collections include \$40,204,035 generated by the program.