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Panel suggests changes to business tax laws

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RALEIGH - North Carolina should drop some business tax credits that began in the 1990s because they no longer create jobs, and the state should give more cash grants and lower the corporate tax rate, according to a university report released Tuesday.

Brent Lane with the University of North Carolina Center for Competitive Economies released the findings Tuesday. The report was given to a legislative committee examining the future of economic incentives. The committee will make its recommendations to the full legislature next week.

Lane said the state should shift away from credits generated for each job created and for buying plant machinery. The report says the state should move toward research and development tax credits and cash grants to companies that meet performance standards. It also recommended the state's corporate income tax rate be reduced from 6.9 percent to 6.5 percent so it will no longer be the highest rate in the Southeast. A UNC survey found that executives preferred the lower rate to targeted incentives.

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