

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

**SENATE BILL 119
RATIFIED BILL**

AN ACT TO EXPAND THE TAX CREDITS FOR HISTORIC REHABILITATION BY EXTENDING THE SUNSET ON A PROVISION ALLOWING A PASS-THROUGH ENTITY TO ALLOCATE AMONG ITS OWNERS THE TAX CREDIT FOR INCOME-PRODUCING STRUCTURES AND INCREASING THE AMOUNT THAT MAY BE ALLOCATED TO AN OWNER UNDER THIS PROVISION.

The General Assembly of North Carolina enacts:

SECTION 1. Section 9 of S.L. 1999-389, as amended by Section 19(a) of S.L. 2001-476, reads as rewritten:

"**Section 9.** Sections 1 through 6 of this act are effective for taxable years beginning on or after January 1, 1999. G.S. 105-129.35(b), as amended by this act, is repealed effective January 1, ~~2004,2008~~, for property placed in service on or after that date. Sections 7 and 8 of this act become effective for taxable years beginning on or after January 1, 2000. The remainder of this act is effective when it becomes law."

SECTION 2. G.S. 105-129.35(b) reads as rewritten:

"(b) Allocation. – Notwithstanding the provisions of G.S. 105-131.8 and G.S. 105-269.15, a pass-through entity that qualifies for the credit provided in this section may allocate the credit among any of its owners in its discretion as long as ~~the amount of credit allocated to an owner does not exceed the~~ an owner's adjusted basis in the pass-through entity, as determined under the Code, at the end of the taxable year in which the certified historic structure is placed in ~~service~~-service, is at least forty percent (40%) of the amount of credit allocated to that owner. Owners to whom a credit is allocated are allowed the credit as if they had qualified for the credit directly. A pass-through entity and its owners must include with their tax returns for every taxable year in which an allocated credit is claimed a statement of the allocation made by the pass-through entity and the allocation that would have been required under G.S. 105-131.8 or G.S. 105-269.15."

SECTION 3. The Department of Revenue shall modify the tax credit form for income tax filers to provide separate lines for each of the tax credits currently aggregated in a single line, so that the Department may capture data about the fiscal impact of the specific credits.

SECTION 4. Sections 1, 3, and 4 of this act are effective when it becomes law. Section 2 of this act is effective for taxable years beginning on or after January 1, 2003.

In the General Assembly read three times and ratified this the 10th day of July, 2003.

Beverly E. Perdue
President of the Senate

Richard T. Morgan
Speaker of the House of Representatives

Michael F. Easley
Governor

Approved _____ .m. this _____ day of _____, 2003