

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2336*
Committee Substitute Favorable 5/29/08

Short Title: Extend Credits & Exempt Disaster Assist Cards.

(Public)

Sponsors:

Referred to:

May 21, 2008

A BILL TO BE ENTITLED

AN ACT TO EXTEND THE SUNSET ON THE CREDIT FOR RESEARCH AND DEVELOPMENT, THE LOW-INCOME HOUSING CREDIT, AND THE MILL REHABILITATION CREDIT; AND TO PROVIDE A SALES TAX EXEMPTION FOR TANGIBLE PERSONAL PROPERTY PURCHASED WITH A CLIENT ASSISTANCE DEBIT CARD ISSUED FOR DISASTER ASSISTANCE RELIEF BY A STATE AGENCY OR A FEDERAL AGENCY OR INSTRUMENTALITY.

The General Assembly of North Carolina enacts:

EXTEND CREDIT FOR RESEARCH AND DEVELOPMENT

SECTION 1. G.S. 105-129.51(b) reads as rewritten:

"(b) This Article is repealed for taxable years beginning on or after January 1, ~~2009~~2014."

EXTEND LOW-INCOME HOUSING CREDIT

SECTION 2. G.S. 105-129.45 reads as rewritten:

"§ **105-129.45. Sunset.**

This Article is repealed effective January 1, ~~2010~~2015. The repeal applies to developments to which federal credits are allocated on or after January 1, ~~2010~~2015."

EXTEND MILL REHABILITATION TAX CREDIT

SECTION 3.(a) G.S. 105-129.70 reads as rewritten:

"§ **105-129.70. Definitions.**

The following definitions apply in this Article:

- (1) Certified historic structure. – Defined in section 47 of the Code.
- (2) Certified rehabilitation. – Defined in G.S. 105-129.36.
- (3) Cost certification. – The certification obtained by the State Historic Preservation Officer from the taxpayer of the amount of the qualified rehabilitation expenditures or the rehabilitation expenses incurred with respect to a certified rehabilitation of an eligible site.
- (3a) Development tier area. – Defined in G.S. 143B-437.08.

- 1 (4) Eligibility certification. – The certification obtained from the State
2 Historic Preservation Officer that the applicable facility comprises an
3 eligible ~~site~~ ~~and that the rehabilitation is a certified rehabilitation.~~
4 (5) Eligible site. – A site located in this State that satisfies all of the
5 following conditions:
6 a. It was used as a manufacturing facility or for purposes ancillary
7 to manufacturing, as a warehouse for selling agricultural
8 products, or as a public or private utility.
9 b. It is a certified historic structure or a State-certified historic
10 structure.
11 c. It has been at least eighty percent (80%) vacant for a period of
12 at least two years immediately preceding the date the eligibility
13 certification is made.
14 d. ~~The cost certification documents that the qualified rehabilitation~~
15 ~~expenditures for a site for which a taxpayer is allowed a credit~~
16 ~~under section 47 of the Code or the rehabilitation expenses for a~~
17 ~~site for which the taxpayer is not allowed a credit under section~~
18 ~~47 of the Code exceed three million dollars (\$3,000,000) for the~~
19 ~~site as a whole.~~
20 (6) Repealed by Session Laws 2006-252, s. 2.22, effective January 1,
21 2007.
22 (7) Pass-through entity. – Defined in G.S. 105-228.90.
23 (8) Qualified rehabilitation expenditures. – Defined in section 47 of the
24 Code.
25 (9) Rehabilitation expenses. – Defined in G.S. 105-129.36.
26 (10) State-certified historic structure. – Defined in G.S. 105-129.36.
27 (11) State Historic Preservation Officer. – Defined in G.S. 105-129.36.

28 **SECTION 3.(b)** G.S. 105-129.71(a) reads as rewritten:

29 "(a) Credit. – A taxpayer who is allowed a credit under section 47 of the Code for
30 making qualified rehabilitation expenditures of at least three million dollars
31 (\$3,000,000) with respect to a certified rehabilitation of an eligible site is allowed a
32 credit equal to a percentage of the expenditures that qualify for the federal credit. The
33 credit may be claimed in the year in which the eligible site is placed into service. When
34 the eligible site is placed into service in two or more phases in different years, the
35 amount of credit that may be claimed in a year is the amount based on the qualified
36 rehabilitation expenditures associated with the phase placed into service during that
37 year. In order to be eligible for a credit allowed by this Article, the taxpayer must
38 provide to the Secretary a copy of the eligibility certification and the cost certification.
39 The amount of the credit is as follows:

- 40 (1) For an eligible site located in a development tier one or two area,
41 determined as of the date of the eligibility certification, the amount of
42 the credit is equal to forty percent (40%) of the qualified rehabilitation
43 expenditures.

1 (2) For an eligible site located in a development tier three area, determined
2 as of the date of the eligibility certification, the amount of the credit is
3 equal to thirty percent (30%) of the qualified rehabilitation
4 expenditures."

5 **SECTION 3.(c)** G.S. 105-129.72(a) reads as rewritten:

6 "(a) Credit. – A taxpayer who is not allowed a federal income tax credit under
7 section 47 of the Code and who makes rehabilitation expenses of at least three million
8 dollars (\$3,000,000) with respect to a certified rehabilitation of an eligible site is
9 allowed a credit equal to a percentage of the rehabilitation expenses. The entire credit
10 may not be taken for the taxable year in which the property is placed in service, but
11 must be taken in five equal installments beginning with the taxable year in which the
12 property is placed in service. When the eligible site is placed into service in two or more
13 phases in different years, the amount of credit that may be claimed in a year is the
14 amount based on the rehabilitation expenses associated with the phase placed into
15 service during that year. In order to be eligible for a credit allowed by this Article, the
16 taxpayer must provide to the Secretary a copy of the eligibility certification and the cost
17 certification. For an eligible site located in a development tier one or two area,
18 determined as of the date of the eligibility certification, the amount of the credit is equal
19 to forty percent (40%) of the rehabilitation expenses. No credit is allowed for a site
20 located in a development tier three area."

21 **SECTION 3.(d)** G.S. 105-129.75 reads as rewritten:

22 "**§ 105-129.75. Sunset.**

23 This Article expires January 1, 2011, for rehabilitation projects for which an
24 application for an eligibility certification is submitted on or after that date.~~for qualified~~
25 ~~rehabilitation expenditures and rehabilitation expenses incurred on or after January 1,~~
26 ~~2011."~~

27 **EXTEND DISASTER ASSISTANCE DEBIT SALES**

28 **SECTION 4.** G.S. 105-164.13 is amended by adding a new subdivision to
29 read:

30 "(58) Tangible personal property purchased with a client assistance debit
31 card issued for disaster assistance relief by a State agency or a federal
32 agency or instrumentality."

33 **EFFECTIVE DATE**

34 **SECTION 5.** Section 4 of this act becomes effective July 1, 2008, and
35 applies to purchases made on or after that date. The remainder of this act is effective
36 when it becomes law.