

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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HOUSE DRH70318-LC-123 (05/06)

Short Title: Expand Historic Preservation Credit.

(Public)

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Sponsors: Representatives Ross and Setzer (Primary Sponsors).

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Referred to:

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A BILL TO BE ENTITLED

1  
2 AN ACT TO EXPAND THE TAX CREDITS FOR HISTORIC REHABILITATION  
3 BY REMOVING THE SUNSET ON A PROVISION ALLOWING A  
4 PASS-THROUGH ENTITY TO ALLOCATE AMONG ITS OWNERS THE TAX  
5 CREDIT FOR INCOME-PRODUCING STRUCTURES, INCREASING THE  
6 AMOUNT THAT MAY BE ALLOCATED TO AN OWNER UNDER THIS  
7 PROVISION, AND ALLOWING BOTH HISTORIC REHABILITATION TAX  
8 CREDITS TO BE TAKEN AGAINST FRANCHISE TAX AND GROSS  
9 PREMIUMS TAXES.

10 The General Assembly of North Carolina enacts:

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

13 "Section 9. Sections 1 through 6 of this act are effective for taxable years beginning  
14 on or after January 1, 1999. ~~G.S. 105-129.35(b), as amended by this act, is repealed~~  
15 ~~effective January 1, 2004, for property placed in service on or after that date.~~ Sections 7  
16 and 8 of this act become effective for taxable years beginning on or after January 1,  
17 2000. The remainder of this act is effective when it becomes law."

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

19 "(b) Allocation. – Notwithstanding the provisions of G.S. 105-131.8 and G.S.  
20 105-269.15, a pass-through entity that qualifies for the credit provided in this section  
21 may allocate the credit among any of its owners in its discretion as long as the amount  
22 of credit allocated to an owner does not exceed an amount equal to two hundred fifty  
23 percent (250%) of the owner's adjusted basis in the pass-through entity, as determined  
24 under the Code, at the end of the taxable year in which the certified historic structure is  
25 placed in service. Owners to whom a credit is allocated are allowed the credit as if they  
26 had qualified for the credit directly. A pass-through entity and its owners must include  
27 with their tax returns for every taxable year in which an allocated credit is claimed a

1 statement of the allocation made by the pass-through entity and the allocation that  
2 would have been required under G.S. 105-131.8 or G.S. 105-269.15."

3 **SECTION 3.** G.S. 105-129.37(a) reads as rewritten:

4 "(a) Tax Credited. – The credits provided in this Article are allowed against the  
5 franchise tax levied in Article 3 of this Chapter, the income taxes levied in Article 4 of  
6 this Chapter, and the gross premiums tax levied in Article 8B of this Chapter. The  
7 taxpayer must take a credit allowed in this Article against only one of the taxes against  
8 which it is allowed. The taxpayer must elect the tax against which a credit will be  
9 claimed when filing the return on which the first installment of the credit is claimed.  
10 This election is binding. Any carryforwards of the credit must be claimed against the  
11 same tax."

12 **SECTION 4.** This act becomes effective for taxable years beginning on or  
13 after January 1, 2004.