

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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HOUSE DRH30543-RB-22A\* (5/22)

Short Title: Credit to Revitalize Certain Mfg. Sites. (Public)

Sponsors: Representatives Barnhart, L. Johnson, and Miner (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REVITALIZE TEXTILE AND FURNITURE MANUFACTURING  
COMMUNITIES PLAGUED BY ABANDONED BROWNFIELDS SITES BY  
GRANTING A TAX CREDIT TO REHABILITATE THE SITES.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 3B of Chapter 105 is amended by adding a new section  
to read:

**"§ 105-129.16D. Credit for rehabilitating abandoned textile mill sites.**

(a) Credit. – A taxpayer who makes rehabilitation expenses for an  
income-producing eligible site is allowed a credit equal to fifty percent (50%) of the  
rehabilitation expenditures. A taxpayer who makes rehabilitation expenses for a  
nonincome producing eligible site is allowed a credit equal to eighty percent (80%) of  
the rehabilitation expenses. Notwithstanding G.S. 105-129.17, any unused portion of the  
credit may be carried forward for the succeeding 20 years.

(b) Forfeiture. – A taxpayer must provide with the tax return information  
substantiating the eligible site as income producing or nonincome producing. If a  
taxpayer claims the credit for a nonincome producing eligible site but uses the eligible  
site for income producing purposes, the taxpayer forfeits thirty percent (30%) of the  
credit. A taxpayer that forfeits a credit under this section is liable for all past taxes  
avoided as a result of the credit plus interest at the rate established under  
G.S. 105-241.1(i), computed from the date the taxes would have been due if the credit  
had not been allowed. The past taxes and interest are due 30 days after the date the  
credit is forfeited; a taxpayer that fails to pay the past taxes and interest by the due date  
is subject to the penalties provided in G.S. 105-236.

(c) 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 an

1 owner's adjusted basis in the pass-through entity, as determined under the Code at the  
2 end of the taxable year, is at least forty percent (40%) of the amount of credit allocated  
3 to that owner. Owners to whom a credit is allocated are allowed the credit as if they had  
4 qualified for the credit directly. A pass-through entity and its owners must include with  
5 their tax returns for every taxable year in which an allocated credit is claimed a  
6 statement of the allocation made by the pass-through entity and the allocation that  
7 would have been required under G.S. 105-131.8 or G.S. 105-269.15.

8 (d) Definitions. – The following definitions apply only in this section:

9 (1) Brownfields site. – Defined in G.S. 130A-310.31.

10 (2) Eligible site. – A site that meets all of the following requirements:

11 a. The site is designed for use or has in fact been used as a textile  
12 or furniture manufacturing facility or uses ancillary to such a  
13 facility.

14 b. At least eighty percent (80%) of the facility on the site has been  
15 continuously closed to business or otherwise nonoperational for  
16 a period of at least one year immediately preceding the time at  
17 which the determination is made.

18 c. The site is a brownfields site.

19 d. The site is located in North Carolina.

20 (3) Income producing. – Property for which depreciation is allowable  
21 under section 168 of the Code and which meets one or more of the  
22 following conditions:

23 a. Is nonresidential real property.

24 b. Is residential rental property.

25 c. Is real property that has a class life of more than 12.5 years.

26 d. Is an addition or improvement to property described in this  
27 subdivision.

28 (4) Rehabilitation expenses. – Expenses incurred in the rehabilitation and  
29 remediation of an eligible site, excluding the cost of acquiring the  
30 eligible site or the cost of personal property maintained at the eligible  
31 site.

32 (5) Remediation. – Defined in G.S. 130A-310.31."

33 **SECTION 2.** This act becomes effective for taxable years beginning on or  
34 after January 1, 2004.