

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 1613

Short Title: Central Administrative Office Credit.

(Public)

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Sponsors: Representative Vinson.

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Referred to: Finance.

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May 9, 2005

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE A TAX CREDIT FOR INVESTING IN CENTRAL  
3 ADMINISTRATIVE OFFICE PROPERTY AND TO MAKE TECHNICAL AND  
4 CONFORMING CHANGES.

5 The General Assembly of North Carolina enacts:

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

8 "**§ 105-129.16E. Credit for investing in central administrative office property.**

9 (a) Credit. – If a taxpayer that has satisfied the eligibility requirements of  
10 G.S. 105-129.4 and has purchased or leased real property in this State begins to use the  
11 property as a central administrative office during the taxable year, the taxpayer is  
12 allowed a credit equal to seven percent (7%) of the eligible investment amount. The  
13 eligible investment amount is the lesser of (i) the cost of the property and (ii) the  
14 amount by which the cost of all of the property the taxpayer is using in this State as  
15 central administrative offices on the last day of the taxable year exceeds the cost of all  
16 of the property the taxpayer was using in this State as central administrative offices on  
17 the last day of the base year. The base year is that year, of the three immediately  
18 preceding taxable years, in which the taxpayer was using the most property in this State  
19 as central administrative offices. In the case of property that is leased, the cost of the  
20 property is not determined as provided in G.S. 105-129.2 but is considered to be the  
21 taxpayer's lease payments over a seven-year period, plus any expenditures made by the  
22 taxpayer to improve the property before it is used as the taxpayer's central  
23 administrative office if the expenditures are not reimbursed or credited by the lessor.  
24 The maximum credit allowed a taxpayer under this section for property used as a central  
25 administrative office is five hundred thousand dollars (\$500,000). The entire credit may  
26 not be taken for the taxable year in which the property is first used as a central  
27 administrative office but shall be taken in equal installments over the seven years  
28 following the taxable year in which the property is first used as a central administrative

1 office. The basis in any real property for which a credit is allowed under this section  
2 shall be reduced by the amount of credit allowable.

3 (b) Mixed Use Property. – If the taxpayer uses only part of the property as the  
4 taxpayer's central administrative office, the amount of the credit allowed under this  
5 section is reduced by multiplying it by a fraction the numerator of which is the square  
6 footage of the property used as the taxpayer's central administrative office and the  
7 denominator of which is the total square footage of the property.

8 (c) Expiration. – If, in one of the seven years in which the installment of a credit  
9 accrues, the property with respect to which the credit was claimed is no longer used as a  
10 central administrative office, the credit expires and the taxpayer may not take any  
11 remaining installment of the credit. If, in one of the seven years in which the installment  
12 of a credit accrues, part of the property with respect to which the credit was claimed is  
13 no longer used as a central administrative office, the remaining installments of the credit  
14 shall be reduced by multiplying it by the fraction described in subsection (b) of this  
15 section.

16 In each of these cases, the taxpayer may nonetheless take the portion of an  
17 installment that accrued in a previous year and was carried-forward to the extent  
18 permitted under G.S. 105-129.17.

19 (d) Coordination With Article 3A. – The expiration and forfeiture provisions of  
20 G.S. 105-129.4 relating to the credit allowed under G.S. 105-129.12 for central office or  
21 aircraft facility property apply to a credit allowed under this section. A taxpayer that  
22 claims a credit under this section may not also claim a credit with respect to the same  
23 property under G.S. 105-129.12. The definitions of Article 3A also apply in this section.

24 (e) Sunset. – This section is repealed effective for central administrative offices  
25 placed into service on or after January 1, 2006."

26 **SECTION 2.** G.S. 105-129.15 is amended by adding new subdivisions to  
27 read:

28 "**§ 105-129.15. (See note for repeal) Definitions.**

29 The following definitions apply in this Article:

30 ...

31 (1a) Central administrative office. – A corporate, subsidiary, or regional  
32 managing office as defined by NAICS.

33 ...

34 (4b) NAICS. – Defined in G.S. 105-129.2."

35 **SECTION 3.** G.S. 105-129.15A is repealed.

36 **SECTION 4.** G.S. 105-129.16 is repealed.

37 **SECTION 5.** G.S. 105-129.16A is amended by adding a new subsection to

38 read:

39 "(e) Sunset. – This section is repealed for renewable energy property placed in  
40 service on or after January 1, 2006."

41 **SECTION 6.** G.S. 105-129.16C is amended by adding a new subsection to

42 read:

43 "(d) Sunset. – This section is repealed for taxable years beginning on or after  
44 January 1, 2006."

1           **SECTION 7.** Sections 1 and 2 of this act are effective for taxable years  
2 beginning on or after January 1, 2006, and apply to central administrative office  
3 property placed into service on or after that date. The remainder of this act is effective  
4 when it becomes law.