

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE DRS95039-MC-49 (02/08)

Short Title: New Home Purchase Stimulus.

(Public)

Sponsors: Senator Apodaca.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO STIMULATE NEW HOME PURCHASES.

3 The General Assembly of North Carolina enacts:

4 SECTION 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is amended  
5 by adding a new section to read:

6 "**§ 105-151.33. Credit for purchase of new home residence.**

7 (a) Credit. – An individual who purchases or contracts for the construction of a new  
8 home residence during the tax year may apply for a credit against the tax imposed by this Part.  
9 The aggregate amount of the credit is equal to ten thousand dollars (\$10,000). The entire credit  
10 may not be taken for the taxable year in which the residence is purchased but must be taken in  
11 five equal installments beginning with the taxable year in which the residence is purchased. A  
12 credit allowed under this section may not exceed the amount of the tax imposed by this Part  
13 reduced by the sum of all credits allowed, except payment of tax made by or on behalf of the  
14 individual. No credit shall be allowed under this section to an individual in any taxable year for  
15 the purchase of more than one new home residence. If a new home residence is purchased by  
16 two or more individuals, no credit shall be allowed under this section if a credit under this  
17 section has previously been allowed for the same taxable year to one or more of the purchasers.  
18 For purposes of this section, a "new home residence" is a dwelling that (i) is a single-family  
19 residence or a unit in a multifamily residential complex, (ii) is constructed by a general  
20 contractor licensed under G.S. 87-1, (iii) is purchased from a general contractor or a business  
21 entity licensed under G.S. 87-1, and (iv) has never been occupied.

22 (b) Multiple Owners. – In the case of a new home residence purchased or contracted for  
23 jointly by a husband and wife, if both spouses are required to file North Carolina income tax  
24 returns, the credit allowed by this section may be claimed only if the spouses file a joint return.  
25 If only one spouse is required to file a North Carolina income tax return, that spouse may claim  
26 the credit allowed by this section on a separate return. If two or more individuals who are not  
27 married purchase a new home residence, the amount of the credit allowed under this section  
28 shall be allocated among the purchasers proportionally to each individual's ownership interest.

29 (c) Application. – To be eligible for the tax credit provided in this section, a taxpayer  
30 must file an application for the credit with the Secretary. If the house is built, the application  
31 must be filed within one week of the date of closing on the new home residence. If the house is  
32 to be constructed pursuant to a contract, the application must be filed within one week of the  
33 date of execution of the contract. The application shall be on a form prescribed by the Secretary  
34 and shall include any supporting documentation that the Secretary may require.



1       (d) Ceiling. – The total aggregate cost of all tax credits allowed to taxpayers under this  
2 section for purchases or contracts for the construction of new home residences may not exceed  
3 one hundred million dollars (\$100,000,000). The total annual cost of all tax credits allowed to  
4 taxpayers under this section for purchases or contracts for the construction of new home  
5 residences in a single calendar year may not exceed twenty million dollars (\$20,000,000). If the  
6 total amount of tax credits claimed in a calendar year exceeds this maximum amount, the  
7 Secretary shall allocate the credits claimed in the applications required in subsection (c) of this  
8 section on a first-come, first-served basis.

9       (e) Limitations. – The credit allowed under this section does not apply to an individual  
10 who purchases a residence from a business entity of which the individual is a member. The  
11 credit allowed under this section does not apply to a new home residence for which the building  
12 permit, as defined in G.S. 153A-349.51, was issued prior to July 1, 2011, or for which the  
13 contract for construction was executed prior to July 1, 2011.

14       (f) Forfeiture. – An individual who, within 24 months after the date of purchase or  
15 execution of a contract for the construction of a new home residence for which a credit under  
16 this section was allowed, either (i) disposes of the new home residence or (ii) fails to occupy  
17 such residence as a new home residence forfeits the credit. The tax imposed by this Part for the  
18 taxable year during which such forfeiture occurs shall be increased by the amount of the credit  
19 previously allowed unless the disposal or failure to occupy resulted from one of the following:

20           (1) The death of the individual.

21           (2) The transfer of the residence by the individual as part of a divorce  
22 proceeding to his or her spouse.

23           (3) The residence is destroyed in whole or in part or seized or condemned by the  
24 State or a local government entity with the power of condemnation, and the  
25 taxpayer acquires an alternative new home residence within six months of  
26 the date the individual is reimbursed for such destruction, seizure, or  
27 condemnation.

28       (g) Substantiation. – An individual allowed a credit under this section shall maintain  
29 and make available for inspection any information or records required by the Secretary of  
30 Revenue. The individual has the burden of proving eligibility for a credit.

31       (h) Report. – Beginning July 1, 2011, and at least weekly thereafter, the Secretary shall  
32 prepare and publish the number of applications required by subsection (c) of this section that  
33 have been received by the Department."

34       **SECTION 2.** G.S. 105-134.6(d) is amended by adding a new subdivision to read:

35       "(c) Additions. – The following additions to taxable income shall be made in calculating  
36 North Carolina taxable income, to the extent each item is not included in taxable income:

37       ...

38       (6a) The amount of the credit received pursuant to G.S. 105-151.33 in the year  
39 the taxpayer disposes of the new home residence."

40       **SECTION 3.** This act is effective for taxable years beginning on or after July 1,  
41 2011, and expires for taxable years beginning on or after July 1, 2012.