

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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SENATE BILL 1345

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

Sponsors: Senators Hartsell, Dalton; Berger, Bingham, and Clodfelter.

Referred to: Finance.

May 27, 2004

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 owner's adjusted basis in the pass-through entity, as determined under the Code at the end of the taxable year, is at least forty percent (40%) of the amount of credit allocated

1 to that owner. Owners to whom a credit is allocated are allowed the credit as if they had  
2 qualified for the credit directly. A pass-through entity and its owners must include with  
3 their tax returns for every taxable year in which an allocated credit is claimed a  
4 statement of the allocation made by the pass-through entity and the allocation that  
5 would have been required under G.S. 105-131.8 or G.S. 105-269.15.

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

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

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

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

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

16 c. The site is a brownfields site.

17 d. The site is located in North Carolina.

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

21 a. Is nonresidential real property.

22 b. Is residential rental property.

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

24 d. Is an addition or improvement to property described in this  
25 subdivision.

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

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

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