

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

**BILL NUMBER:** House Bill 463 (First Edition)

**SHORT TITLE:** Conservation Tax Credit Modifications.

**SPONSOR(S):** Representative Luebke

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>
<b>REVENUES:</b>	<b>See "Assumptions and Methodology"</b>				
<b>EXPENDITURES:</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
<b>EFFECTIVE DATE:</b>	January 1, 2007				

**BILL SUMMARY:** This legislative proposal would equalize the cap for the conservation tax credit for C-corporations and pass-through entities at \$500,000. Currently, pass-through entities are capped at a \$250,000 per year credit. This bill raises the cap to \$500,000 per year, which is the same as the cap on C-corporations. The bill would also require any taxpayer claiming the credit to support the claim's represented value of the real property donation by using either certain appraisal reports or the county's appraisal value as adjusted by the sales assessment ratio. Finally, the bill narrows the conservation purposes that qualify the land for a credit.

**ASSUMPTIONS AND METHODOLOGY:** Based on discussions with the Department of Revenue, there is insufficient data available for an accurate assessment of the fiscal impact from the proposed changes in the bill. Fiscal Research thinks that while raising the cap on pass-through entities may lead to granting higher tax credits for donated lands, the improved valuation guidelines and a more narrowly defined conservation purpose may offset the increased credit cap for pass through entities. Without sufficiently detailed data, it is not possible to measure the impact the modifications in the bill will have on the conservation tax credit.

**SOURCES OF DATA:** None

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** March 26, 2007



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