

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1227

Short Title: Conform Low-Income Housing Tax Credits. (Public)

Sponsors: Representatives Gibson; Goforth, Lewis, and Wray.

Referred to: Commerce, Small Business, and Entrepreneurship, if favorable, Finance.

April 9, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO CONFORM CERTAIN NORTH CAROLINA TAX CREDITS TO THE  
3 FEDERAL NEW MARKETS TAX CREDIT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-129.70 reads as rewritten:

6 "**§ 105-129.70 Definitions.**

7 The following definitions apply in this Article:

8 (1) Additionally distressed area. – An area that meets one of the criteria in sub-  
9 subdivisions a. through c. below, or, if the area is in a census tract with a  
10 poverty rate greater than twenty percent (20%), one of the criteria in sub-  
11 subdivisions d. through h. below:

12 a. It is in a census tract with poverty rates greater than thirty percent  
13 (30%).

14 b. It is in a census tract with, if located within a non-Metropolitan Area,  
15 median family income that does not exceed sixty percent (60%) of  
16 statewide median family income, or, if located within a Metropolitan  
17 Area, median family income that does not exceed sixty percent  
18 (60%) of the greater of the statewide median family income or the  
19 Metropolitan Area median family income.

20 c. It is in a census tract with an unemployment rate at least 1.5 times the  
21 national average.

22 d. It is in a census tract with one of the following: (i) if located within a  
23 non-Metropolitan Area, median family income that does not exceed  
24 seventy percent (70%) of statewide median family income, or, if  
25 located within a Metropolitan Area, median family income that does  
26 not exceed seventy percent (70%) of the greater of the statewide  
27 median family income or the Metropolitan Area median family  
28 income; or (ii) an unemployment rate at least 1.25 times the national  
29 average.

30 e. It is a federally designated Empowerment Zone, Enterprise  
31 Community, or Renewal Community.

32 f. It is designated by the United States Small Business Administration  
33 as a HUB Zone to the extent the development will support businesses  
34 that obtain HUB Zone certification from the United States Small  
35 Business Administration.

36 g. It is a brownfield site as defined under Part 5 of Article 9 of Chapter  
37 130A of the General Statutes.



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1                   h.     It is located in a development tier one or development tier two area  
2                         as defined by G.S. 143B-437.08, or an urban progress zone as  
3                         defined by G.S. 143B-437.09.

4                   (4)(1a) Certified historic structure. – Defined in section 47 of the Code.

5                   ...."

6                   **SECTION 2.** G.S. 105-129.71 reads as rewritten:

7                   "**§ 105-129.71. Credit for income-producing rehabilitated mill property.**

8                   (a)     Credit. – A taxpayer who is allowed a credit under section 47 of the Code for  
9                   making qualified rehabilitation expenditures of at least three million dollars (\$3,000,000) with  
10                   respect to a certified rehabilitation of an eligible site is allowed a credit equal to a percentage of  
11                   the expenditures that qualify for the federal credit. The credit may be claimed in the year in  
12                   which the eligible site is placed into service. When the eligible site is placed into service in two  
13                   or more phases in different years, the amount of credit that may be claimed in a year is the  
14                   amount based on the qualified rehabilitation expenditures associated with the phase placed into  
15                   service during that year. In order to be eligible for a credit allowed by this Article, the taxpayer  
16                   must provide to the Secretary a copy of the eligibility certification and the cost certification.  
17                   The amount of the credit is as follows:

- 18                   (1)     For an eligible site located in a development tier one or two area, determined  
19                   as of the date of the eligibility certification, or in an additionally distressed  
20                   area, the amount of the credit is equal to forty percent (40%) of the qualified  
21                   rehabilitation expenditures.  
22                   (2)     For an eligible site located in a development tier three area, determined as of  
23                   the date of the eligibility certification, the amount of the credit is equal to  
24                   thirty percent (30%) of the qualified rehabilitation expenditures.

25                   ...."

26                   **SECTION 3.** G.S. 105-129.72 reads as rewritten:

27                   "**§ 105-129.72. Credit for nonincome-producing rehabilitated mill property.**

28                   (a)     Credit. – A taxpayer who is not allowed a federal income tax credit under section 47  
29                   of the Code and who makes rehabilitation expenses of at least three million dollars  
30                   (\$3,000,000) with respect to a certified rehabilitation of an eligible site is allowed a credit equal  
31                   to a percentage of the rehabilitation expenses. The entire credit may not be taken for the taxable  
32                   year in which the property is placed in service, but must be taken in five equal installments  
33                   beginning with the taxable year in which the property is placed in service. When the eligible  
34                   site is placed into service in two or more phases in different years, the amount of credit that  
35                   may be claimed in a year is the amount based on the rehabilitation expenses associated with the  
36                   phase placed into service during that year. In order to be eligible for a credit allowed by this  
37                   Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the  
38                   cost certification. For an eligible site located in a development tier one or two area, determined  
39                   as of the date of the eligibility certification, or in a census tract that is an additionally distressed  
40                   area, the amount of the credit is equal to forty percent (40%) of the rehabilitation expenses. No  
41                   credit is allowed for a site located in a development tier three area.

42                   ...."

43                   **SECTION 4.** This act is effective when it becomes law.