

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1491*
Committee Substitute Favorable 7/15/98
Committee Substitute #2 Favorable 8/24/98

Short Title: Amend Conservation Tax Credits.

(Public)

Sponsors:

Referred to:

May 25, 1998

A BILL TO BE ENTITLED

1 AN ACT TO ELIMINATE THE REQUIREMENT THAT AN INDIVIDUAL INCOME
2 TAXPAYER ADD BACK TO TAXABLE INCOME THE FAIR MARKET VALUE
3 OF REAL PROPERTY DONATED FOR CONSERVATION PURPOSES IN
4 ORDER TO CLAIM THE INCOME TAX CREDIT FOR THE DONATION OF
5 THAT PROPERTY AND TO INCREASE THE MAXIMUM TAX CREDIT THAT
6 MAY BE CLAIMED BY A CORPORATION AND BY AN INDIVIDUAL FOR A
7 DONATION OF REAL PROPERTY FOR CONSERVATION PURPOSES.
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9 The General Assembly of North Carolina enacts:

10 Section 1. G.S. 105-134.6(c) reads as rewritten:

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

- 14 (1) Interest upon the obligations of states other than this State, political
15 subdivisions of those states, and agencies of those states and their
16 political subdivisions.

1 (2) Any amount allowed as a deduction from gross income under the Code
2 that is taxed under the Code by a separate tax other than the tax imposed
3 in section 1 of the Code.

4 (3) Any amount deducted from gross income under section 164 of the Code
5 as state, local, or foreign income tax to the extent that the taxpayer's
6 total itemized deductions deducted under the Code for the taxable year
7 exceed the standard deduction allowable to the taxpayer under the Code
8 reduced by the amount by which the taxpayer's allowable standard
9 deduction has been increased under section 63(c)(4) of the Code.

10 (4) The amount by which the taxpayer's standard deduction has been
11 increased for inflation under section 63(c)(4)(A) of the Code.

12 (4a) **(Effective for taxable years beginning on or after January 1, 1995)**
13 The amount by which each of the taxpayer's personal exemptions has
14 been increased for inflation under section 151(d)(4)(A) of the Code.
15 This amount is reduced by two hundred fifty dollars (\$250.00) for each
16 personal exemption if the taxpayer's adjusted gross income (AGI), as
17 calculated under the Code, is less than the following amounts:

<u>Filing Status</u>	<u>AGI</u>
Married, filing jointly	\$100,000
Head of Household	80,000
Single	60,000
Married, filing separately	50,000.

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23 For the purposes of this subdivision, if the taxpayer's personal
24 exemptions have been reduced by the applicable percentage under
25 section 151(d)(3) of the Code, the amount by which the personal
26 exemptions have been increased for inflation is also reduced by the
27 applicable percentage.

28 (4a) **(Effective for taxable years beginning on or after January 1, 1996)**
29 The amount by which each of the taxpayer's personal exemptions has
30 been increased for inflation under section 151(d)(4)(A) of the Code.
31 This amount is reduced by five hundred dollars (\$500.00) for each
32 personal exemption if the taxpayer's adjusted gross income (AGI), as
33 calculated under the Code, is less than the following amounts:

<u>Filing Status</u>	<u>AGI</u>
Married, filing jointly	\$100,000
Head of Household	80,000
Single	60,000
Married, filing separately	50,000.

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39 For the purposes of this subdivision, if the taxpayer's personal
40 exemptions have been reduced by the applicable percentage under
41 section 151(d)(3) of the Code, the amount by which the personal
42 exemptions have been increased for inflation is also reduced by the
43 applicable percentage.

1 (5) The fair market value, up to a maximum of four hundred thousand
2 dollars (\$400,000), of the donated property interest for which the
3 taxpayer claims a credit for the taxable year under G.S. 105-151.12 and
4 the market price of the gleaned crop for which the taxpayer claims a
5 credit for the taxable year under G.S. 105-151.14.

6 (6) The amount by which the basis of property under the Code exceeds the
7 basis of the property under this Article, in the year the taxpayer disposes
8 of the property.

9 (7) The amount of federal estate tax that is attributable to an item of income
10 in respect of a decedent and is deducted from gross income under
11 section 691(c) of the Code."

12 Section 2. G.S. 105-151.12(c) is repealed.

13 Section 3. G.S. 105-130.34(a) reads as rewritten:

14 "(a) Any corporation that makes a qualified donation of an interest in real property
15 located in North Carolina during the taxable year that is useful for public beach access or
16 use, public access to public waters or trails, fish and wildlife conservation, or other
17 similar land conservation purposes is allowed a credit against the tax imposed by this
18 Division equal to twenty-five percent (25%) of the fair market value of the donated
19 property interest. To be eligible for this credit, the interest in real property must be
20 donated to and accepted by either the State, a local government, or a body that is both
21 organized to receive and administer lands for conservation purposes and qualified to
22 receive charitable contributions pursuant to G.S. 105-130.9. Lands required to be
23 dedicated pursuant to local governmental regulation or ordinance and dedications made
24 to increase building density levels permitted under a regulation or ordinance are not
25 eligible for this credit. The credit allowed under this section may not exceed ~~two hundred~~
26 fifty thousand dollars (\$250,000). five hundred thousand dollars (\$500,000). To support the
27 credit allowed by this section, the taxpayer must file with its income tax return, for the
28 taxable year in which the credit is claimed, a certification by the Department of
29 Environment and Natural Resources that the property donated is suitable for one or more
30 of the valid public benefits set forth in this subsection."

31 Section 4. G.S. 105-151.12(a) reads as rewritten:

32 "(a) A person who makes a qualified donation of an interest in real property located
33 in North Carolina during the taxable year that is useful for (i) public beach access or use,
34 (ii) public access to public waters or trails, (iii) fish and wildlife conservation, or (iv)
35 other similar land conservation purposes is allowed a credit against the tax imposed by
36 this Division equal to twenty-five percent (25%) of the fair market value of the donated
37 property interest. To be eligible for this credit, the interest in property must be donated to
38 and accepted by either the State, a local government, or a body that is both organized to
39 receive and administer lands for conservation purposes and qualified to receive charitable
40 contributions under the Code. Lands required to be dedicated pursuant to local
41 governmental regulation or ordinance and dedications made to increase building density
42 levels permitted under a regulation or ordinance are not eligible for this credit. The credit
43 allowed under this section may not exceed ~~one hundred thousand dollars (\$100,000).~~ two

1 hundred fifty thousand dollars (\$250,000). To support the credit allowed by this section,
2 the taxpayer must file with the income tax return for the taxable year in which the credit
3 is claimed a certification by the Department of Environment and Natural Resources that
4 the property donated is suitable for one or more of the valid public benefits set forth in
5 this subsection."

6 Section 5. This act becomes effective for taxable years beginning on or after 1
7 January 1999.