

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE DRS55292-MC-161 (3/12)

Short Title: Home Purchase Stimulus.

(Public)

Sponsors: Senator Hoyle.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO STIMULATE CERTAIN 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 permanent residence.**

7 (a) Credit. – An individual who purchases or contracts for the construction of a
8 permanent residence during the tax year may apply for a credit against the tax imposed by this
9 Part. The aggregate amount of the credit is equal to the lesser of five percent (5%) of the
10 purchase price or ten thousand dollars (\$10,000). The entire credit may not be taken for the
11 taxable year in which the residence is purchased but must be taken in five equal installments
12 beginning with the taxable year in which the residence is purchased. A credit allowed under
13 this section may not exceed the amount of the tax imposed by this Part reduced by the sum of
14 all credits allowed, except payment of tax made by or on behalf of the individual. No credit
15 shall be allowed under this section to an individual in any taxable year for the purchase of more
16 than one permanent residence. If a permanent residence is purchased by two or more
17 individuals, no credit shall be allowed under this section if a credit under this section has
18 previously been allowed for the same taxable year to one or more of the purchasers. For
19 purposes of this section, "permanent residence" is defined in G.S. 105-277.1(b).

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

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

33 (d) Ceiling. – The total aggregate cost of all tax credits allowed to taxpayers under this
34 section for purchases or contracts for the construction of permanent residences may not exceed
35 one hundred million dollars (\$100,000,000). The total annual cost of all tax credits allowed to



1 taxpayers under this section for purchases or contracts for the construction of permanent
2 residences in a single calendar year may not exceed twenty million dollars (\$20,000,000). If the
3 total amount of tax credits claimed in a calendar year exceeds this maximum amount, the
4 Secretary shall allocate the credits claimed in the applications required in subsection (c) of this
5 section on a first-come, first-served basis.

6 (e) Forfeiture. – An individual who, within 24 months after the date of purchase or
7 execution of a contract for the construction of a permanent residence for which a credit under
8 this section was allowed, either (i) disposes of the permanent residence or (ii) fails to occupy
9 such residence as a permanent residence forfeits the credit. The tax imposed by this Part for the
10 taxable year during which such forfeiture occurs shall be increased by the amount of the credit
11 previously allowed unless the disposal or failure to occupy resulted from one of the following:

12 (1) The death of the individual.

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

15 (3) The residence is destroyed in whole or in part or seized or condemned by the
16 State or a local government entity with the power of condemnation, and the
17 taxpayer acquires a new permanent residence within six months of the date
18 the individual is reimbursed for such destruction, seizure, or condemnation.

19 (f) Substantiation. – An individual allowed a credit under this section shall maintain
20 and make available for inspection any information or records required by the Secretary of
21 Revenue. The individual has the burden of proving eligibility for a credit."

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

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

25 ...

26 (6a) The amount of the credit received pursuant to G.S. 105-151.33 in the year
27 the taxpayer disposes of the permanent residence."

28 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
29 2009, and expires for taxable years beginning on or after January 1, 2010.