# GENERAL ASSEMBLY OF NORTH CAROLINA
## Session 2015
## Legislative Fiscal Note

**BILL NUMBER**: House Bill 152 (First Edition)

**SHORT TITLE**: New Historic Preservation Tax Credit.

**SPONSOR(S)**: Representatives Ross, Hardister, Lewis, and Glazier

**FISCAL IMPACT**
($ in millions)

☑ **Yes** ☐ **No** ☐ **No Estimate Available**

| | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|---|---|---|---|---|---|
| **State Impact** | | | | | |
| General Fund Revenues: | ($8.0) | ($8.0) | ($8.0) | ($8.0) | ($8.0) |
| General Fund Expenditures: | | | | | |
| Special Fund Revenues: | | | | | |
| Special Fund Expenditures: | | | | | |
| State Positions: | | | | | |
| **NET STATE IMPACT** | **($8.0)** | **($8.0)** | **($8.0)** | **($8.0)** | **($8.0)** |
| **Local Impact** | | | | | |
| Revenues: | | | | | |
| Expenditures: | | | | | |
| **NET LOCAL IMPACT** | **$0.0** | **$0.0** | **$0.0** | **$0.0** | **$0.0** |

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:** NC Department of Revenue

**EFFECTIVE DATE:** January 1, 2015

**TECHNICAL CONSIDERATIONS:**
None

**BILL SUMMARY**:

The bill replaces the historic rehabilitation tax credit that expired at the end of 2014 with a new credit effective January 1, 2015 that includes the following modifications to the calculation of the credit:

- Reduces credit rate on income producing property from 20% to 15% for expenses up to $10 million
- Reduces credit rate on income producing property from 20% to 10% for expenses over $10 million and less than $20 million

- Adds development tier bonus credit of 5% on income-producing property if project is located in a tier one or tier two area
- Adds targeted investment bonus credit on income producing property of 5%
- Limits credit amount to $4,500,000 on an income producing property
- Reduces credit rate on non-income producing property from 30% to 15%
- Limits the credit amount on non-income producing property to $22,500
- Allows the credit to be taken in the year generated instead of in five installments
- Extends the sunset of the credit from January 1, 2015 to January 1, 2021

**ASSUMPTIONS AND METHODOLOGY**:

The estimate of the fiscal impact is based on historical tax data concerning the cost of the previous historic rehabilitation tax credit obtained from the Department of Revenue. Fiscal Research made adjustments to that data to take into consideration the changes in the percentages of the investment allowed as a tax credit for income-producing and non-income producing property. Additionally, adjustments were made to account for the amount of expenses eligible for the credit as a result of the cap on the amount of credit that can be claimed.

**SOURCES OF DATA:** NC Department of Revenue

**TECHNICAL CONSIDERATIONS**: None

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**Fiscal Research Division**

**DATE**: March 8, 2015

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