

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

S

1

SENATE BILL 818

Short Title: New or Existing Home Purchase Tax Credit. (Public)

Sponsors: Senators Rouzer; Bingham, Brock, Foriest, Hartsell, Stevens, Swindell, Tillman, Vaughan, and Weinstein.

Referred to: Finance.

March 25, 2009

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR CERTAIN HOME PURCHASES.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.33. Credit for purchase of permanent residence.

(a) Credit. – An individual who purchases a permanent residence during the tax year is allowed a credit against the tax imposed by this Part. The aggregate amount of the credit is equal to fifteen thousand dollars (\$15,000). The entire credit may not be taken for the taxable year in which the residence is purchased, but must be taken in five equal installments beginning with the taxable year in which the residence is purchased. A credit allowed under this section may not exceed the amount of the tax imposed by this Part reduced by the sum of all credits allowed, except payment of tax made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding five years. No credit shall be allowed under this section to an individual in any taxable year for the purchase of more than one permanent residence. If a permanent residence is purchased by two or more individuals, no credit shall be allowed under this section if a credit under this section has previously been allowed for the same taxable year to one or more of the purchasers. For purposes of this section, "permanent residence" is defined in G.S. 105-277.1(b).

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

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

(1) The death of the individual.

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



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

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

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

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

11 ...

12 (6a) The amount of the credit received pursuant to G.S. 105-151.33 in the year
13 the taxpayer disposes of the permanent residence."

14 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
15 2009, and expires for taxable years beginning on or after January 1, 2010.