

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 1259 (First Edition)

SHORT TITLE: Historic Rehabilitation Tax Credit.

SPONSOR(S): Representative Howard

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES:	**See Assumptions and Methodology**				
EXPENDITURES:					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
EFFECTIVE DATE:	January 1, 2008				

BILL SUMMARY: The bill removes the January 1, 2008 sunset on the provision allowing special allocation of the historic rehabilitation tax credit among the owners of a pass-through entity. The credit itself has no sunset.

ASSUMPTIONS AND METHODOLOGY: Based on data provided by the Department of Revenue, allowing pass-through entities to divide the credit among its members at its discretion had no significant, measurable impact on the total credits allowed. Under general law, a pass-through entity must divide a tax credit among its owners in proportion to their ownership interests. The special allocation rules of this provision have the potential to allow the pass-through entity to more fully utilize the credit.

The Department of Revenue only began recording individual income taxpayer historic rehabilitation credits as a separate item beginning in 2003. Based on this limited data on the special provision, it was not possible to discern any noticeable increase in credits taken. Therefore, the fiscal impact appears to have been limited and insignificant.

SOURCES OF DATA: Department of Revenue

TECHNICAL CONSIDERATIONS: None

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DATE: July 2, 2007



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