

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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HOUSE BILL 1506

Short Title: Grocery Store Credit - Development Zone.

(Public)

Sponsors: Representatives Wright; Church and Hill.

Referred to: Finance.

June 4, 2002

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE TAX CREDITS FOR JOB CREATION AND INVESTMENT  
3 IN MACHINERY AND EQUIPMENT FOR CERTAIN TAXPAYERS ENGAGED  
4 IN BUSINESS AS GROCERY STORES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-129.15 is amended by adding the following new  
7 subdivisions:

8 "**§ 105-129.15. Definitions.**

9 The following definitions apply in this Article:

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(2a) Development zone. – An area designated as a development zone by the  
Department of Commerce under G.S. 105-129.3A.

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(2b) Development zone agency. – Defined in G.S. 105-129.13.

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(2c) Grocery store. – An establishment in supermarket and other grocery  
(except convenience) stores industry 44511, as defined by NAICS.

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(4a) NAICS. – Defined in G.S. 105-129.2.

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**SECTION 2.** Article 3B of Chapter 105 of the General Statutes is amended  
by adding a new section to read:

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**§ 105-129.16D. Credit for investing in a grocery store with a development zone  
agency.**

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(a) Eligibility. – A taxpayer is eligible for a credit under this section only if all of  
the following conditions are met:

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(1) The taxpayer has entered into a partnership with a development zone  
agency in which the development zone agency has at least a forty-five  
percent (45%) ownership interest and in which the development zone

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1                   agency receives at least forty-five percent (45%) of the profits of the  
2                   partnership.

3                   (2)   The partnership operates a grocery store in a development zone.

4                   (3)   The partnership makes available to the public annual financial  
5                   statements, which include a balance sheet as of the end of the  
6                   partnership's fiscal year, an income statement for the fiscal year, and a  
7                   statement of cash flows for the fiscal year.

8                   (b)   Credit for Job Creation. – An eligible taxpayer is allowed a credit for creating  
9                   a new full-time job if the partnership hires an additional full-time employee during the  
10                  taxable year to fill a position located at a grocery store in a development zone. The  
11                  amount of the credit is four thousand dollars (\$4,000) per job. The entire credit may not  
12                  be taken for the taxable year in which the additional employee is hired, but must be  
13                  taken in five equal installments beginning with the taxable year in which the additional  
14                  employee was hired.

15                  If, in one of the five years in which the installment of a credit accrues, the number of  
16                  the partnership's full-time employees at grocery stores in development zones falls below  
17                  the number of full-time employees the partnership had in grocery stores in development  
18                  zones in the year in which the taxpayer qualified for the credit, the credit expires and the  
19                  taxpayer may not take any remaining installment of the credit. The taxpayer may,  
20                  however, take the portion of an installment that accrued in a previous year and was  
21                  carried forward to the extent permitted under G.S. 105-129.17.

22                  A taxpayer that claims a credit allowed under Article 3A of this Chapter with respect  
23                  to a job may not take the credit allowed in this subsection with respect to the same job.

24                  (c)   Credit for Investing in Business Property. – An eligible taxpayer is allowed a  
25                  credit for investing in business property if the partnership has purchased or leased  
26                  business property and places it in service at a grocery store in a development zone  
27                  during the taxable year. The amount of the credit is equal to four and one-half percent  
28                  (4.5%) of the cost of the property. The entire credit may not be taken for the taxable  
29                  year in which the property is placed in service but must be taken in five equal  
30                  installments beginning with the taxable year in which the property is placed in service.

31                  If, in one of the five years in which the installment of a credit accrues, the business  
32                  property with respect to which the credit was claimed is disposed of or taken out of  
33                  service at a grocery store in a development zone, the credit expires and the taxpayer  
34                  may not take any remaining installment of the credit. The taxpayer may, however, take  
35                  the portion of an installment that accrued in a previous year and was carried forward to  
36                  the extent permitted under G.S. 105-129.17.

37                  A taxpayer that claims a credit allowed under Article 3A of this Chapter with respect  
38                  to business property may not take the credit allowed in this subsection with respect to  
39                  the same property. A taxpayer may not take the credit allowed in this subsection for  
40                  business property the taxpayer leases from another unless the taxpayer obtains the  
41                  lessor's written certification that the lessor will not capitalize the property for tax  
42                  purposes under the Code."

1           **SECTION 3.** This act is effective for taxable years beginning on or after  
2 January 1, 2002, and applies to jobs created or business property placed in service on or  
3 after that date.