

GENERAL ASSEMBLY OF NORTH CAROLINA
SECOND EXTRA SESSION 1996

S

1

SENATE BILL 32

Short Title: Provide Tax Credits for Property Donations.

(Public)

Sponsors: Senators Kerr; and Warren.

Referred to: Finance.

July 11, 1996

A BILL TO BE ENTITLED
AN ACT TO PROVIDE TAX CREDITS FOR DONATIONS OF REAL PROPERTY
TO PROTECT AND ENHANCE WATER QUALITY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-130.34 reads as rewritten:

"§ 105-130.34. Credit for certain real property donations.

(a) Any corporation that makes a qualified donation of an interest in real property located in North Carolina during the taxable year that is useful for public beach access or use, public access to public waters or trails, fish and wildlife conservation, or other similar land conservation purposes, ~~shall be~~ is allowed a credit against the ~~taxes~~ tax imposed by this Division equal to twenty-five percent (25%) of the fair market value of the donated property interest. To be eligible for this credit, the interest in real property must be donated to and accepted by either the State, ~~local government~~ a unit of local government, or a body that is both organized to receive and administer lands for conservation purposes and ~~is~~ qualified to receive charitable contributions pursuant to G.S. ~~105-130.9; provided, however, that lands~~ 105-130.9. Lands required to be dedicated pursuant to local governmental regulation or ordinance and dedications made to increase building density levels permitted under ~~such regulations or ordinances shall not be the~~ regulation or ordinance are not eligible for this credit. The credit allowed under this section may not exceed ~~twenty five thousand dollars (\$25,000).~~ two hundred fifty thousand

1 dollars (\$250,000). To support the credit allowed by this section, the taxpayer shall file
2 with its income tax return for the taxable year in which the credit is claimed, a
3 certification by the Department of Environment, Health, and Natural Resources that the
4 property donated is suitable for one or more of the valid public benefits set forth in this
5 subsection.

6 (b) The credit allowed by this section may not exceed ~~the amount of fifty percent~~
7 (50%) of the tax imposed by this Division for the taxable year reduced by the sum of all
8 ~~credits allowed under this Division,~~ allowed, except payments of tax made by or on behalf
9 of the taxpayer.

10 (c) Any unused portion of this credit may be carried forward for the next
11 succeeding five years.

12 (d) ~~The fair market value, or any portion thereof, of a A qualifying donation that is~~
13 ~~not eligible for a credit pursuant to this section may be considered as a charitable~~
14 ~~contribution pursuant to G.S. 105-130.9. That portion of the donation the basis for a~~
15 ~~credit allowed as a credit pursuant to under this section shall not be is not eligible for~~
16 ~~deduction as a charitable contribution.~~ contribution under G.S. 105-130.9."

17 Sec. 2. G.S. 105-151.12 reads as rewritten:

18 "**§ 105-151.12. Credit for certain real property donations.**

19 (a) A person who makes a qualified donation of ~~interests~~ an interest in real
20 property located in North Carolina during the taxable year that is useful for (i) public
21 beach access or use, (ii) public access to public waters or trails, (iii) fish and wildlife
22 conservation, or (iv) other similar land conservation purposes, ~~shall be~~ is allowed as a
23 credit against the tax imposed by this Division an amount equal to twenty-five percent
24 (25%) of the fair market value of the donated property interest. To be eligible for this
25 credit, the interest in property must be donated to and accepted by either the State, a local
26 government, or a body that is both organized to receive and administer lands for
27 conservation purposes and ~~is qualified to receive charitable contributions under the Code;~~
28 ~~provided, however, that lands~~ Code. Lands required to be dedicated pursuant to local
29 governmental regulation or ordinance and dedications made to increase building density
30 levels permitted under ~~such~~ the regulations or ordinances are not eligible for this credit.
31 The credit allowed under this section may not exceed ~~twenty-five thousand dollars~~
32 ~~(\$25,000).~~ one hundred thousand dollars (\$100,000). To support the credit allowed by
33 this section, the taxpayer shall file with the income tax return for the taxable year in
34 which the credit is claimed a certification by the Department of Environment, Health, and
35 Natural Resources that the property donated is suitable for one or more of the valid public
36 benefits set forth by this subsection.

37 (b) The credit allowed by this section may not exceed ~~the amount of fifty percent~~
38 (50%) of the tax imposed by this Division for the taxable year reduced by the sum of all
39 ~~credits allowed under this Division,~~ allowed, except payments of tax made by or on behalf
40 of the taxpayer.

41 Any unused portion of this credit may be carried forward for the next succeeding five
42 years.

1 (c) In order to claim the credit allowed under this section, the taxpayer must add
2 the fair market value of the donated property interest, up to a maximum of ~~one hundred~~
3 ~~thousand dollars (\$100,000),~~ four hundred thousand dollars (\$400,000), to taxable income
4 as provided in G.S. 105-134.6(c).

5 (d) In the case of property owned by a married couple, if both spouses are required
6 to file North Carolina income tax returns, the credit allowed by this section may be
7 claimed only if the spouses file a joint return. If only one spouse is required to file a
8 North Carolina income tax return, that spouse may claim the credit allowed by this
9 section on a separate return.

10 (e) In the case of marshland for which a claim has been filed pursuant to G.S. 113-
11 205, the offer of donation must be made before December 31, 1998, to qualify for the
12 credit allowed by this section."

13 Sec. 3. G.S. 105-134.6(c)(5) reads as rewritten:

14 "(5) The fair market value, up to a maximum of ~~one hundred thousand dollars~~
15 ~~(\$100,000),~~ four hundred thousand dollars (\$400,000), of the donated
16 property interest for which the taxpayer claims a credit for the taxable
17 year under G.S. 105-151.12 and the market price of the gleaned crop for
18 which the taxpayer claims a credit for the taxable year under G.S. 105-
19 151.14."

20 Sec. 4. G.S. 105-287(a) reads as rewritten:

21 "(a) In a year in which a general reappraisal or horizontal adjustment of real
22 property in the county is not made, the assessor shall increase or decrease the appraised
23 value of real property, as determined under G.S. 105-286, to:

- 24 (1) Correct a clerical or mathematical error;
25 (2) Correct an appraisal error resulting from a misapplication of the
26 schedules, standards, and rules used in the county's most recent general
27 reappraisal or horizontal adjustment; ~~or~~
28 (2a) Recognize changes in value resulting from agreements made pursuant to
29 the Conservation and Historic Preservation Agreements Act, G.S. 121-
30 34, et seq.; or
31 (3) Recognize an increase or decrease in the value of the property resulting
32 from a factor other than one listed in subsection (b)."

33 Sec. 5. G.S. 105-317(a) reads as rewritten:

34 "(a) Whenever any real property is appraised it shall be the duty of the persons
35 making appraisals:

- 36 (1) In determining the true value of land, to consider as to each tract,
37 parcel, or lot separately listed at least its advantages and disadvantages
38 as to location; zoning; quality of soil; waterpower; water privileges;
39 dedication as a nature preserve; conservation easements; historic
40 preservation agreements; mineral, quarry, or other valuable deposits;
41 fertility; adaptability for agricultural, timber-producing, commercial,
42 industrial, or other uses; past income; probable future income; and any

1 other factors that may affect its value except growing crops of a
2 seasonal or annual nature.

3 (2) In determining the true value of a building or other improvement, to
4 consider at least its location; type of construction; age; replacement
5 cost; cost; adaptability for residence, commercial, industrial, or other
6 uses; past income; probable future income; and any other factors that
7 may affect its value.

8 (3) To appraise partially completed buildings in accordance with the degree
9 of completion on January 1."

10 Sec. 6. This act becomes effective upon ratification. Sections 2 through 5 of
11 this act are effective for taxable years beginning on or after January 1, 1996.