

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH30218-LY-233 (4/15)

Short Title: Tax Credit for Manufacturing Facilities. (Public)

Sponsors: Representative Vinson.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CREATE A TAX CREDIT FOR INVESTMENT IN
MANUFACTURING FACILITIES.

The General Assembly of North Carolina enacts:

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

"§ 105-130.47. Credit for investing in manufacturing facilities.

(a) Definitions. – The following definitions apply in this section:

(1) Construction costs. – The costs of constructing a new facility, including the costs of acquiring and improving land for the facility and equipping the facility.

(2) Manufacturing. – Defined in G.S. 105-129.2.

(3) Manufacturing facility. – A facility where the primary activity is manufacturing. The facility may contain space for purposes ancillary to manufacturing.

(b) Credit. – A taxpayer who constructs a new manufacturing facility or who expands an existing manufacturing facility by at least fifty percent (50%) of the space devoted to manufacturing is allowed a credit against the tax imposed by this Part. The amount of the credit is equal to three percent (3%) of the construction costs.

(c) Limitation. – The credit allowed by this section may not exceed fifty percent (50%) of the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax payments made by or on behalf of the taxpayer. Any unused portion of a credit may be carried forward for the succeeding five years.

(d) No Double Benefit. – A taxpayer who claims a credit under this section may not claim a credit under G.S. 105-129.9 or G.S. 105-129.12A with respect to the same property and may not claim a refund under G.S. 105-164.14 with respect to the same construction costs.

1 (e) Sunset. – This section is repealed for activities that occur on or after January
2 1, 2010."

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

5 "**§ 105-151.29. Credit for investing in manufacturing facilities.**

6 (a) Definitions. – The following definitions apply in this section.

7 (1) Construction costs. – The costs of constructing a new facility,
8 including the costs of acquiring and improving land for the facility and
9 equipping the facility.

10 (2) Manufacturing. – Defined in G.S. 105-129.2.

11 (3) Manufacturing facility. – A facility where the primary activity is
12 manufacturing. The facility may contain space for purposes ancillary
13 to manufacturing.

14 (b) Credit. – A taxpayer who constructs a new manufacturing facility or who
15 expands an existing manufacturing facility by at least fifty percent (50%) of the space
16 devoted to manufacturing is allowed a credit against the tax imposed by this Part. The
17 amount of the credit is equal to three percent (3%) of the construction costs.

18 (c) Limitation. – The credit allowed by this section may not exceed fifty percent
19 (50%) of the amount of tax imposed by this Part for the taxable year reduced by the sum
20 of all credits allowable, except tax payments made by or on behalf of the taxpayer. Any
21 unused portion of a credit may be carried forward for the succeeding five years.

22 (d) No Double Benefit. – A taxpayer who claims a credit under this section may
23 not claim a credit under G.S. 105-129.9 or G.S. 105-129.12A with respect to the same
24 property and may not claim a refund under G.S. 105-164.14 with respect to the same
25 construction costs.

26 (e) Sunset. – This section is repealed for activities that occur on or after January
27 1, 2010."

28 **SECTION 3.** G.S. 105-160.3(b) reads as rewritten:

29 "(b) The following credits are not allowed to an estate or trust:

30 ...

31 (8) G.S. 105-151.29. Credit for investing in manufacturing facilities."

32 **SECTION 4.** This act is effective for taxable years beginning on or after
33 January 1, 2005, and applies to construction costs incurred on or after that date.