

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE DRH70461-LYf-209 (3/22)

Short Title: Lead Hazard Reduction Tax Credit. (Public)

Sponsors: Representatives Luebke and Harrison (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A TAX INCENTIVE FOR RESIDENTIAL LEAD HAZARD REDUCTION AND TO MAKE CONFORMING AND TECHNICAL CHANGES.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 3B of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-129.16E. Credit for residential lead remediation.**

(a) Credit. – Subject to the limitations of this section, a taxpayer that has expenditures for residential lead remediation and has received a certification of compliance from the Department of Environment and Natural Resources pursuant to G.S. 130A-131.9E is eligible for a credit equal to the lesser of one thousand five hundred dollars (\$1,500) per dwelling unit and the applicable percentage of the expenditures for residential lead remediation. The applicable percentage is thirty percent (30%) for owner-occupied residences and twenty percent (20%) for rental residences. The credit may not be taken in the year in which the expenditures are made but shall be taken for the taxable year beginning during the calendar year in which the application for the credit becomes effective as provided in subsection (c) of this section. No credit is allowed under this section to the extent that the lead remediation expenditures were paid with public funds.

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

(1) Dwelling unit. – An enclosure containing sleeping, kitchen, and bathroom facilities designed for and used or held ready for use as a permanent residence by one family.

(2) Remediation. – Defined in G.S. 130A-131.7.

(c) Application. – To be eligible for the tax credit provided in this section, the taxpayer must file an application for the credit with the Secretary of Revenue on or

1 before April 15 of the year following the calendar year in which the remediation  
2 expenditures were made. The Secretary may grant extensions of this deadline, as the  
3 Secretary finds appropriate, upon the request of the taxpayer, except that the application  
4 may not be filed after September 15 of the year following the calendar year in which the  
5 remediation expenditures were made. An application is effective for the year in which it  
6 is timely filed. The application shall be on a form prescribed by the Secretary and shall  
7 include any supporting documentation that the Secretary may require. The application  
8 for a credit for remediation expenditures made by a pass-through entity must be filed by  
9 the pass-through entity.

10 (d) Ceiling. – The total amount of all tax credits allowed to taxpayers under this  
11 section in a calendar year may not exceed three million dollars (\$3,000,000). The  
12 Secretary of Revenue shall calculate the total amount of tax credits claimed from the  
13 applications filed pursuant to subsection (c) of this section. If the total amount of tax  
14 credits claimed in a calendar year exceeds this maximum amount, the Secretary shall  
15 allow a portion of the credits claimed by allocating the maximum amount in tax credits  
16 in proportion to the size of the credit claimed by each taxpayer. If a credit claimed under  
17 this section is reduced as provided in this subsection, the Secretary shall notify the  
18 taxpayer of the amount of the reduction of the credit on or before December 31 of the  
19 year following the calendar year in which the investment was made. The Secretary's  
20 allocations based on applications filed pursuant to subsection (c) of this section are final  
21 and shall not be adjusted to account for credits applied for but not claimed.

22 (e) Sunset. – This section is repealed for activities occurring on or after January  
23 1, 2010."

24 **SECTION 2.** G.S. 105-129.19 reads as rewritten:

25 **"§ 105-129.19. Reports.**

26 The Department of Revenue must report to the Revenue Laws Study Committee and  
27 to the Fiscal Research Division of the General Assembly by May 1 of each year the  
28 following information for the 12-month period ending the preceding April 1:

- 29 (1) The number of taxpayers that claimed the credits allowed in this  
30 Article.  
31 (2) The cost of business ~~property and property~~, renewable energy ~~property~~  
32 property, and residential lead remediation with respect to which credits  
33 were claimed.  
34 (2a) Repealed by Session Laws 2002-87, s. 6, effective August 22, 2002.  
35 (3) The total cost to the General Fund of the credits claimed."

36 **SECTION 3.** G.S. 130A-131.9H reads as rewritten:

37 **"§ 130A-131.9H. Application fees for certificates of compliance.**

38 The Department shall collect an application fee of ~~ten dollars (\$10.00)~~ up to  
39 twenty-five dollars (\$25.00) for each certificate of compliance. The Department may  
40 implement a sliding scale of fees based on the number of units in the program owned by  
41 a single owner. Fee receipts shall be used to support the program that is developed to  
42 implement this Part. Fee receipts also may be used to provide for relocation and medical  
43 expenses incurred by children with confirmed lead poisoning."

44 **SECTION 4.** G.S. 105-129.15A is repealed.

1           **SECTION 5.** G.S. 105-129.16 is repealed.

2           **SECTION 6.** G.S. 105-129.16A is amended by adding a new subsection to  
3 read:

4           "(e) Sunset. – This section is repealed for renewable energy property placed in  
5 service on or after January 1, 2006."

6           **SECTION 7.** G.S. 105-129.16C is amended by adding a new subsection to  
7 read:

8           "(d) Sunset. – This section is repealed for taxable years beginning on or after  
9 January 1, 2006."

10           **SECTION 8.** Section 1 of this act is effective for taxable years beginning on  
11 or after January 1, 2005, and applies to expenditures made on or after that date. The  
12 remainder of this act is effective when it becomes law.