

February 15, 2001

H 124. PASS-THROUGH ENTITY. TO ALLOW A PASS-THROUGH ENTITY TO ALLOCATE A HOUSING TAX CREDIT TO ANY OF ITS OWNERS AT THE DISCRETION OF THE PASS-THROUGH ENTITY. Adds new GS 105-129.16B(b1), authorizing a pass-through entity that qualifies for a low-income housing tax credit to allocate the credit among any of its owners in its discretion, provided the amount allocated does not exceed the owner's adjusted basis in the pass-through entity. Provides that if a credit so allocated is forfeited, the forfeiture applies to the owners in the same proportion as the credit was allocated. Provides for partial forfeiture of the credit if, within five years from the date the credit was first claimed, an owner's interest in the pass-through entity is reduced to less than two-thirds of what it was at the time the credit was allocated, unless the change in ownership is caused by the owner's death or by a merger or consolidation meeting certain conditions. Provides that a taxpayer or owner of a pass-through entity that forfeits a credit is liable for all past taxes avoided by the credit plus interest. Effective for taxable years beginning on or after Jan. 1, 2001. Applies to buildings to which federal credits are allocated on or after Jan. 1, 2001.

Intro. by Insko.

Ref. to Finance	GS 105
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