

March 25, 2009

S 912. HOME PURCHASE STIMULUS. Filed 3/25/09. *TO STIMULATE CERTAIN HOME PURCHASES.*

Enacts new GS 105-151.33 to permit an individual who purchases or contracts for the construction of a permanent residence during the tax year to apply for a credit against the individual income tax imposed by Part 2 of Article 4 of GS Chapter 105. Provides that the total amount of the tax credit equals either (1) 5% of the purchase price or (2) \$10,000, whichever amount is less. However, the total credit may not be taken in the taxable year in which the residence was purchased. Provides that the tax credit must be taken in five equal installments beginning with the taxable year in which the residence is purchased. Sets additional limits on the amount of the credit allowed and the conditions under which the credit may or may not be allowed.

Provides criteria for applying for the credit in the case of a permanent residence purchased or contracted for jointly by a husband and wife or by two or more individuals who are not married.

Provides that to be eligible for the tax credit, the taxpayer must file an application for the credit with the Secretary of Revenue (Secretary) on a form prescribed by the Secretary and include any supporting documentation that the Secretary may require. Provides timeline for filing with the Secretary for the tax credit. Sets a ceiling for the total aggregate cost of *all* tax credits allowed to taxpayers under this section for purchases or contracts for the construction of permanent residences at a maximum of \$100 million. Also sets the total aggregate *annual* cost of *all* tax credits for taxpayers under this section at a maximum of \$20 million annually. Provides that if the total aggregate tax credits claimed in a calendar year are more than \$20 million, the Secretary will allocate the credits claimed in the required applications on a first-come, first-served basis.

Calls for forfeiture of the tax credit by an individual, who receives the allowed credit and who within 24 months after the date of purchase or execution of the contract for the construction of a permanent residence either (1) disposes of the permanent residence or (2) fails to occupy the residence. Provides an exception to the forfeiture of the credit if the disposal or failure to occupy occurs (1) as a result of the death of the individual, (2) as a result of the transfer by the individual of the residence to a spouse as a part of a divorce proceeding, or (3) because the residence is destroyed in part or whole or seized and condemned by a state or local government entity, and the taxpayer acquires a new residence within six months of being reimbursed for the destruction, seizure, or condemnation.

Requires a taxpayer allowed a credit under the proposed section to maintain and make available for inspection any records or information as required by the Secretary and states that the burden of proving eligibility for the credit is on the individual. Makes a conforming change to GS 105-134.6(d).

Effective for taxable years beginning on or after January 1, 2009, and expires for taxable years beginning on or after January 1, 2010.

Intro. by Hoyle.

GS 105