

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 323

Finance Committee Substitute Adopted 4/28/97

House Committee Substitute Favorable 5/14/97

Short Title: Historic Rehabilitation Tax Credits.

(Public)

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Sponsors:

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Referred to:

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March 6, 1997

A BILL TO BE ENTITLED

AN ACT TO ALLOW AN INCOME TAX CREDIT FOR EXPENDITURES TO REHABILITATE HISTORIC STRUCTURES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-130.42 reads as rewritten:

**"§ 105-130.42. Credit for rehabilitating an historic structure.**

(a) Income-Producing Historic Structure. – A taxpayer who ~~makes~~ is allowed a federal income tax credit under section 47 of the Code for making qualifying rehabilitation expenditures ~~as defined in section 47 of the Code with respect to~~ for a certified historic structure located in this State is allowed ~~as~~ a credit against the tax imposed by this Division ~~an amount equal to one-fourth of the federal income tax credit under the Code for which the taxpayer is eligible for those rehabilitation expenditures.~~ Division. The amount of the credit is twenty percent (20%) of the expenditures that qualify for the federal credit.

(b) Nonincome-Producing Historic Structure. – A taxpayer who is not allowed a federal income tax credit under section 47 of the Code and who makes rehabilitation expenses for a certified historic structure located in this State is allowed a credit against the tax imposed by this Division. The amount of the credit is thirty percent (30%) of the rehabilitation expenses. To claim the credit allowed by this subsection, the taxpayer must

1 attach to the return a copy of the certification obtained from the State Historic  
2 Preservation Officer verifying that the historic structure has been rehabilitated in  
3 accordance with this subsection. The following definitions apply in this subsection:

4 (1) Certified historic structure. – A structure that is individually listed in the  
5 National Register of Historic Places or is certified by the State Historic  
6 Preservation Officer as contributing to the historic significance of a  
7 National Register Historic District or a locally designated historic  
8 district certified by the United States Department of the Interior.

9 (2) Certified rehabilitation. – Repairs or alterations consistent with the  
10 Secretary of the Interior's Standards for Rehabilitation and certified as  
11 such by the State Historic Preservation Officer prior to the  
12 commencement of the work. The expenditures must, within a 24-month  
13 period, exceed twenty-five thousand dollars (\$25,000). The North  
14 Carolina Historical Commission, in consultation with the State Historic  
15 Preservation Officer, may adopt rules needed to administer the  
16 certification process.

17 (3) Rehabilitation expenses. – Expenses incurred in the certified  
18 rehabilitation of a certified historic structure and added to the property's  
19 basis. The term does not include the cost of acquiring the property, the  
20 cost attributable to the enlargement of an existing building, the cost of  
21 sitework expenditures, or the cost of personal property.

22 (4) State Historic Preservation Officer. – The Director of the Division of  
23 Archives and History or the Director's designee who acts to administer  
24 the historic preservation programs within the State.

25 (c) Credit Limitations. – The entire credit may not be taken for the taxable year in  
26 which the property is placed in service but must be taken in five equal installments  
27 beginning with the taxable year in which the property is placed in service. Any unused  
28 portion of the credit may be carried forward for the succeeding five years. The credit  
29 allowed under this section may not exceed the amount of tax imposed by this Division for  
30 the taxable year reduced by the sum of all credits allowed under this Division, allowed,  
31 except payments of tax made by or on behalf of the taxpayer."

32 Section 2. G.S. 105-151.23 reads as rewritten:

33 **"§ 105-151.23. Credit for rehabilitating an historic structure.**

34 (a) Income-Producing Historic Structure. – A taxpayer who ~~makes~~ is allowed a  
35 federal income tax credit under section 47 of the Code for making qualifying  
36 rehabilitation expenditures as defined in section 47 of the Code with respect to for a certified  
37 historic structure located in this State is allowed as a credit against the tax imposed by  
38 this Division an amount equal to one-fourth of the federal income tax credit under the Code for  
39 which the taxpayer is eligible for those rehabilitation expenditures. Division. The amount of  
40 the credit is twenty percent (20%) of the expenditures that qualify for the federal credit.

41 (b) Nonincome-Producing Historic Structure. – A taxpayer who is not allowed a  
42 federal income tax credit under section 47 of the Code and who makes rehabilitation  
43 expenses for a certified historic structure located in this State is allowed a credit against

1 the tax imposed by this Division. The amount of the credit is thirty percent (30%) of the  
2 rehabilitation expenses. To claim the credit allowed by this subsection, the taxpayer must  
3 attach to the return a copy of the certification obtained from the State Historic  
4 Preservation Officer verifying that the historic structure has been rehabilitated in  
5 accordance with this subsection. The following definitions apply in this subsection:

6 (1) Certified historic structure. – A structure that is individually listed in the  
7 National Register of Historic Places or is certified by the State Historic  
8 Preservation Officer as contributing to the historic significance of a  
9 National Register Historic District or a locally designated historic  
10 district certified by the United States Department of the Interior.

11 (2) Certified rehabilitation. – Repairs or alterations consistent with the  
12 Secretary of the Interior's Standards for Rehabilitation and certified as  
13 such by the State Historic Preservation Officer prior to the  
14 commencement of the work. The expenditures must, within a 24-month  
15 period, exceed twenty-five thousand dollars (\$25,000). The North  
16 Carolina Historical Commission, in consultation with the State Historic  
17 Preservation Officer, may adopt rules needed to administer the  
18 certification process.

19 (3) Rehabilitation expenses. – Expenses incurred in the certified  
20 rehabilitation of a certified historic structure and added to the property's  
21 basis. The term does not include the cost of acquiring the property, the  
22 cost attributable to the enlargement of an existing building, the cost of  
23 sitework expenditures, or the cost of personal property.

24 (4) State Historic Preservation Officer. – The Director of the Division of  
25 Archives and History or the Director's designee who acts to administer  
26 the historic preservation programs within the State.

27 (c) Credit Limitations. – The entire credit may not be taken for the taxable year in  
28 which the property is placed in service but must be taken in five equal installments  
29 beginning with the taxable year in which the property is placed in service. Any unused  
30 portion of the credit may be carried forward for the succeeding five years. The credit  
31 allowed under this section may not exceed the amount of tax imposed by this Division for  
32 the taxable year reduced by the sum of all credits allowed under this Division, ~~allowed,~~  
33 except payments of tax made by or on behalf of the taxpayer."

34 Section 3. This act is effective for taxable years beginning on or after January  
35 1, 1998.