

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 323
Finance Committee Substitute Adopted 4/28/97

Short Title: Historic Rehabilitation Tax Credits.

(Public)

Sponsors:

Referred to:

March 6, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW AN INCOME TAX CREDIT FOR EXPENDITURES TO
3 REHABILITATE HISTORIC STRUCTURES.

4 The General Assembly of North Carolina enacts:

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

6 "**§ 105-130.42. Credit for rehabilitating an historic structure.**

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

13 (b) Nonincome-Producing Historic Structure. – A taxpayer who makes qualifying
14 rehabilitation expenditures with respect to a certified historic structure located in this
15 State is allowed as a credit against the tax imposed by this Division an amount equal to
16 thirty percent (30%) of the qualifying rehabilitation expenditures. To claim the credit
17 allowed by this subsection, the taxpayer must attach to the return a copy of the
18 certification obtained from the State Historic Preservation Officer verifying that the

1 historic structure has been rehabilitated in accordance with this subsection. The
2 following definitions apply in this subsection:

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

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

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

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

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

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

32 "**§ 105-151.23. Credit for rehabilitating an historic structure.**

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

39 (b) Nonincome-Producing Historic Structure. – A taxpayer who makes qualifying
40 rehabilitation expenditures with respect to a certified historic structure located in this
41 State is allowed as a credit against the tax imposed by this Division an amount equal to
42 thirty percent (30%) of the qualifying rehabilitation expenditures. To claim the credit
43 allowed by this subsection, the taxpayer must attach to the return a copy of the

1 certification obtained from the State Historic Preservation Officer verifying that the
2 historic structure has been rehabilitated in accordance with this subsection. The
3 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) Qualifying rehabilitation expenditures. – Expenses incurred in the
18 certified rehabilitation of a certified historic structure and added to the
19 property's basis. The term does not include the cost of acquiring the
20 property, the cost attributable to the enlargement of an existing building,
21 the cost of 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 3. This act is effective for taxable years beginning on or after January
33 1, 1998.