

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 44

Short Title: Reinvestment Tax Credits.

(Public)

Sponsors: Representatives Davis, Brawley, Fox, Hill; Allred, Cole, Moore, Mosley, and Tolson.

Referred to: Finance.

February 5, 1997

A BILL TO BE ENTITLED

AN ACT TO ALLOW AN INCOME TAX CREDIT FOR EXPENDITURES TO REHABILITATE HISTORIC STRUCTURES AND BUILDINGS THAT WERE BUILT BEFORE 1936.

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 qualifying rehabilitation expenditures as defined in section 47 of the Code with respect to 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. A taxpayer who is allowed a credit against federal income tax under section 47(a)(2) of the Code with respect to a certified historic structure located in this State is allowed a credit against the tax imposed by this Division. For the purposes of this subsection, the term 'qualifying rehabilitation expenditure' has the same meaning as defined in section 47 of the Code.~~

(b) Nonincome-Producing Historic Structure. – A taxpayer who makes qualifying rehabilitation expenditures with respect to a certified historic structure located in this

1 State is allowed a credit against the tax imposed by this Division. To claim the credit
2 allowed by this subsection, the taxpayer must attach to the return a copy of the
3 certification obtained from the State Historic Preservation Officer verifying that the
4 historic structure has been rehabilitated in accordance with this subsection. The
5 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 ten thousand dollars (\$10,000). The North Carolina
16 Historical Commission, in consultation with the State Historic
17 Preservation Officer, may adopt rules needed to administer the
18 certification process.
- 19 (3) Qualifying rehabilitation expenditures. – Expenses incurred in the
20 certified rehabilitation of a certified historic structure and added to the
21 property's basis. The term does not include the cost of acquiring the
22 property, the cost attributable to the enlargement of an existing building,
23 the cost of 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. – The amount of the credit allowed is equal to thirty percent (30%) of
28 the qualifying rehabilitation expenditures. The entire credit may not be taken for the
29 taxable year in which the property is placed in service but must be taken in five equal
30 installments beginning with the taxable year in which the property is placed in service.
31 Any unused portion of the credit may be carried forward for the succeeding five years.
32 The credit allowed under this section may not exceed the amount of tax imposed by this
33 Division for the taxable year reduced by the sum of all credits allowed under this
34 Division, except payments of tax made by or on behalf of the taxpayer."

35 Section 2. Division I of Article 4 of Chapter 105 of the General Statutes is
36 amended by adding a new section to read:

37 **"§ 105-130.43. Credit for rehabilitating a preexisting nonhistoric income-producing**
38 **building.**

39 A taxpayer who is allowed a credit against federal income tax under section 47(a)(1)
40 of the Code with respect to a building located in this State is allowed a credit against the
41 tax imposed by this Division. The amount of credit allowed is equal to twenty-five
42 percent (25%) of the qualified rehabilitation expenditures. The term 'qualified
43 rehabilitation expenditures' has the same meaning as defined in section 47 of the Code.

1 The entire credit may not be taken for the taxable year in which the property is placed
2 in service but must be taken in five equal installments beginning with the taxable year in
3 which the property is placed in service. Any unused portion of the credit may be carried
4 forward for the succeeding five years. The credit allowed under this section may not
5 exceed the amount of tax imposed by this Division for the taxable year reduced by the
6 sum of all credits allowed under this Division, except payments of tax made by or on
7 behalf of the taxpayer."

8 Section 3. G.S. 105-151.23 reads as rewritten:

9 **"§ 105-151.23. Credit for rehabilitating an historic structure.**

10 (a) Income-Producing Historic Structure. ~~—A taxpayer who makes qualifying~~
11 ~~rehabilitation expenditures as defined in section 47 of the Code with respect to a certified~~
12 ~~historic structure located in this State is allowed as a credit against the tax imposed by~~
13 ~~this Division an amount equal to one fourth of the federal income tax credit under the~~
14 ~~Code for which the taxpayer is eligible for those rehabilitation expenditures.~~ A taxpayer
15 who is allowed a credit against federal income tax under section 47(a)(2) of the Code
16 with respect to a certified historic structure located in this State is allowed a credit against
17 the tax imposed by this Division. For the purposes of this subsection, the term
18 'qualifying rehabilitation expenditure' has the same meaning as defined in section 47 of
19 the Code.

20 (b) Nonincome-Producing Historic Structure. ~~— A taxpayer who makes qualifying~~
21 ~~rehabilitation expenditures with respect to a certified historic structure located in this~~
22 ~~State is allowed a credit against the tax imposed by this Division. To claim the credit~~
23 ~~allowed by this subsection, the taxpayer must attach to the return a copy of the~~
24 ~~certification obtained from the State Historic Preservation Officer verifying that the~~
25 ~~historic structure has been rehabilitated in accordance with this subsection. The~~
26 ~~following definitions apply in this subsection:~~

27 (1) Certified historic structure. ~~— A structure that is individually listed in the~~
28 ~~National Register of Historic Places or is certified by the State Historic~~
29 ~~Preservation Officer as contributing to the historic significance of a~~
30 ~~National Register Historic District or a locally designated historic~~
31 ~~district certified by the United States Department of the Interior.~~

32 (2) Certified rehabilitation. ~~— Repairs or alterations consistent with the~~
33 ~~Secretary of the Interior's Standards for Rehabilitation and certified as~~
34 ~~such by the State Historic Preservation Officer prior to the~~
35 ~~commencement of the work. The expenditures must, within a 24-month~~
36 ~~period, exceed ten thousand dollars (\$10,000). The North Carolina~~
37 ~~Historical Commission, in consultation with the State Historic~~
38 ~~Preservation Officer, may adopt rules needed to administer the~~
39 ~~certification process.~~

40 (3) Qualifying rehabilitation expenditures. ~~— Expenses incurred in the~~
41 ~~certified rehabilitation of a certified historic structure and added to the~~
42 ~~property's basis. The term does not include the cost of acquiring the~~

1 property, the cost attributable to the enlargement of an existing building,
2 the cost of sitework expenditures, or the cost of personal property.

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

6 (c) Credit. – The amount of the credit allowed is equal to thirty percent (30%) of
7 the qualifying rehabilitation expenditures. The entire credit may not be taken for the
8 taxable year in which the property is placed in service but must be taken in five equal
9 installments beginning with the taxable year in which the property is placed in service.
10 Any unused portion of the credit may be carried forward for the succeeding five years.
11 The credit allowed under this section may not exceed the amount of tax imposed by this
12 Division for the taxable year reduced by the sum of all credits allowed under this
13 Division, except payments of tax made by or on behalf of the taxpayer."

14 Section 4. Division II of Article 4 of Chapter 105 of the General Statutes is
15 amended by adding a new section to read:

16 "**§ 105-151.23A. Credit for rehabilitating a preexisting nonhistoric income-**
17 **producing building.**

18 A taxpayer who is allowed a credit against federal income tax under section 47(a)(1)
19 of the Code with respect to a building located in this State is allowed a credit against the
20 tax imposed by this Division. The amount of credit allowed is equal to twenty-five
21 percent (25%) of the qualified rehabilitation expenditures. The term 'qualified
22 rehabilitation expenditures' has the same meaning as defined in section 47 of the Code.

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

30 Section 5. This act is effective for taxable years beginning on or after January
31 1, 1998.