

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 817*

Short Title: Reinvestment Tax Credits.

(Public)

Sponsors: Senators Shaw of Cumberland; Ballantine, Blust, Carpenter, Jordan, Kincaid, Lucas, Martin of Guilford, Shaw of Guilford, and Weinstein.

Referred to: Finance.

April 14, 1997

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW AN INCOME TAX CREDIT FOR EXPENDITURES TO
2 REHABILITATE HISTORIC STRUCTURES AND BUILDINGS THAT WERE
3 BUILT BEFORE 1936.
4

5 The General Assembly of North Carolina enacts:

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

7 "**§ 105-130.42. Credit for rehabilitating an historic structure.**

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

13 A taxpayer who is allowed a credit against federal income tax under section 47(a)(2) of
14 the Code with respect to a certified historic structure located in this State is allowed a
15 credit against the tax imposed by this Division. For the purposes of this subsection, the
16 term 'qualifying rehabilitation expenditure' has the same meaning as defined in section
17 47 of the Code.

18 (b) Nonincome-Producing Historic Structure. — A taxpayer who makes
19 qualifying rehabilitation expenditures with respect to a certified historic structure
20 located in this State is allowed a credit against the tax imposed by this Division. To
21 claim the credit allowed by this subsection, the taxpayer must attach to the return a copy
22 of the certification obtained from the State Historic Preservation Officer verifying that

1 the 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
4 the National Register of Historic Places or is certified by the State
5 Historic Preservation Officer as contributing to the historic
6 significance of a National Register Historic District or a locally
7 designated historic district certified by the United States Department of
8 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-
13 month period, exceed ten thousand dollars (\$10,000). The North
14 Carolina Historical Commission, in consultation with the State
15 Historic Preservation Officer, may adopt rules needed to administer
16 the 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
21 building, the cost of sitework expenditures, or the cost of personal
22 property.
- 23 (4) State Historic Preservation Officer. – The Director of the Division of
24 Archives and History or the Director's designee who acts to administer
25 the historic preservation programs within the State.

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

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

36 "**§ 105-130.43. Credit for rehabilitating a preexisting nonhistoric income-**
37 **producing building.**

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

43 The entire credit may not be taken for the taxable year in which the property is
44 placed in service but must be taken in five equal installments beginning with the taxable

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

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

7 **"§ 105-151.23. Credit for rehabilitating an historic structure.**

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

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

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

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

39 (3) Qualifying rehabilitation expenditures. – Expenses incurred in the
40 certified rehabilitation of a certified historic structure and added to the
41 property's basis. The term does not include the cost of acquiring the
42 property, the cost attributable to the enlargement of an existing
43 building, the cost of sitework expenditures, or the cost of personal
44 property.

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

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

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

15 "**§ 105-151.23A. Credit for rehabilitating a preexisting nonhistoric income-**
16 **producing building.**

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

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

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