

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 852

Short Title: Historic School Preservation Act. (Public)

Sponsors: Representatives Adams, Beasley, Warren, and Presnell (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance, if favorable, Rules, Calendar, and Operations of the House

April 18, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO INCENTIVIZE THE REHABILITATION OF HISTORIC EDUCATIONAL
3 BUILDINGS TO ALLOW THOSE BUILDINGS TO CONTINUE TO SERVE
4 EDUCATIONAL PURPOSES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 105-129.105 reads as rewritten:

7 "Article 3L.

8 "Historic Rehabilitation Tax Credits Investment Program.

9 **"§ 105-129.105. Credit for rehabilitating income-producing historic structure.**

10 (a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of
11 the Code for making qualified rehabilitation expenditures for a certified historic structure located
12 in this State is allowed a credit equal to the sum of the following:

13 (1) Base amount. – The percentage of qualified rehabilitation expenditures at the
14 levels provided in the table below:

15 **Expenses**

16 **Over**

Up To

Rate

17 0

\$10 million

15.00%

18 \$10 million

\$20 million

10.00%

19 (2) Development tier bonus. – An amount equal to five percent (5%) of qualified
20 rehabilitation expenditures not exceeding twenty million dollars
21 (\$20,000,000) if the certified historic structure is located in a development tier
22 one or two area.

23 (3) Targeted investment bonus. – An amount equal to five percent (5%) of
24 qualified rehabilitation expenditures not exceeding twenty million dollars
25 (\$20,000,000) if the certified historic structure is located on an eligible
26 targeted investment site.

27 (4) Education bonus. – An amount equal to five percent (5%) of expenses not
28 exceeding twenty million dollars (\$20,000,000) if all of the following
29 requirements are met:

30 a. It is a building that is at least 40 years old and not currently in active
31 use.

32 b. The initial use of the building was for an educational purpose.

33 c. Following the rehabilitation, the building is placed into service for an
34 educational purpose and remains used for that purpose or another
35 educational purpose for each year in which the credit, or a



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1 carryforward of the credit, is claimed. For a building used for multiple
2 purposes, the bonus provided in this subdivision shall be proportionate
3 to the amount of the building used for educational purposes.

4 d. The exterior facade and aesthetics of the building are not substantially
5 changed as a result of the rehabilitation, other than for repairs and
6 renovations appropriate to restore the building to active use.

7 e. The expenses used for calculation of the bonus under this section are
8 qualified rehabilitation expenditures and the building is a certified
9 historic structure.

10 (a1) Alternative credit. – A taxpayer who rehabilitates a building in this State that meets
11 the requirements set forth in sub-subdivisions a. through d. of subdivision (4) of subsection (a)
12 of this section is allowed a credit equal to the credit that would be allowed under subsection (a)
13 of this section for rehabilitation expenses that would have been qualified rehabilitation
14 expenditures if the building was a certified historic structure.

15 (b) Pass-Through Entity. – Notwithstanding the provisions of G.S. 105-131.8 and
16 G.S. 105-269.15, a pass-through entity that qualifies for the credit provided in this section may
17 allocate the credit among any of its owners in its discretion as long as an owner's adjusted basis
18 in the pass-through entity, as determined under the Code, at the end of the taxable year in which
19 the certified historic structure is placed in service, is at least forty percent (40%) of the amount
20 of credit allocated to that owner. Owners to whom a credit is allocated are allowed the credit as
21 if they had qualified for the credit directly. A pass-through entity and its owners must include
22 with their tax returns for every taxable year in which an allocated credit is claimed a statement
23 of the allocation made by the pass-through entity and the allocation that would have been required
24 under G.S. 105-131.8 or G.S. 105-269.15.

25 (c) Definitions. – The following definitions apply in this section:

26 ...

27 (2a) Educational purpose. – Defined in G.S. 105-278.4.

28"

29 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,
30 2019.