

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 323

Short Title: Historic Rehabilitation Tax Credits.

(Public)

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Sponsors: Senators Horton; Albertson, Allran, Ballantine, Blust, Carpenter, Carrington, Clark, Cochrane, Conder, Cooper, Dalton, Dannelly, East, Forrester, Foxx, Garwood, Gulley, Hartsell, Hoyle, Jenkins, Jordan, Kerr, Kincaid, Kinnaird, Ledbetter, Lee, Lucas, Martin of Pitt, Martin of Guilford, Miller, Odom, Page, Perdue, Phillips, Plyler, Rand, Reeves, Rucho, Shaw of Cumberland, Shaw of Guilford, Soles, Warren, Weinstein, Wellons, and Winner.

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Referred to: Finance.

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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 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.~~ twenty percent (20%) of the qualifying rehabilitation expenditures.

(b) Nonincome-Producing Historic Structure. – A taxpayer who makes qualifying rehabilitation expenditures 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

1 thirty percent (30%) of the qualifying rehabilitation expenditures. 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 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, except  
33 payments of tax made by or on behalf of the taxpayer."

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

35 "**§ 105-151.23. Credit for rehabilitating an historic structure.**

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

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

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

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

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

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

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

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

35       Section 3. This act is effective for taxable years beginning on or after January  
36 1, 1998.