

GENERAL ASSEMBLY OF NORTH CAROLINA
1997 SESSION

S.L. 1997-139
SENATE BILL 323

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~~ is allowed a federal income tax credit under section 47 of the Code for making qualifying rehabilitation expenditures ~~as defined in section 47 of the Code with respect to~~ for 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.~~ Division. The amount of the credit is twenty percent (20%) of the expenditures that qualify for the federal credit.

(b) Nonincome-Producing Historic Structure. – A taxpayer who is not allowed a federal income tax credit under section 47 of the Code and who makes rehabilitation expenses for a certified historic structure located in this State is allowed a credit against the tax imposed by this Division. The amount of the credit is thirty percent (30%) of the rehabilitation expenses. To claim the credit allowed by this subsection, the taxpayer must attach to the return a copy of the certification obtained from the State Historic Preservation Officer verifying that the historic structure has been rehabilitated in accordance with this subsection. The following definitions apply in this subsection:

- (1) Certified historic structure. – A structure that is individually listed in the National Register of Historic Places or is certified by the State Historic Preservation Officer as contributing to the historic significance of a National Register Historic District or a locally designated historic district certified by the United States Department of the Interior.
- (2) Certified rehabilitation. – Repairs or alterations consistent with the Secretary of the Interior's Standards for Rehabilitation and certified as such by the State Historic Preservation Officer prior to the commencement of the work. The expenditures must, within a 24-month period, exceed twenty-five thousand dollars (\$25,000). The North Carolina Historical Commission, in consultation with the State

Historic Preservation Officer, may adopt rules needed to administer the certification process.

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

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

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

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

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

(a) Income-Producing Historic Structure. – A taxpayer who ~~makes~~ is allowed a federal income tax credit under section 47 of the Code for making qualifying rehabilitation expenditures as defined in section 47 of the Code with respect to for 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.~~ Division. The amount of the credit is twenty percent (20%) of the expenditures that qualify for the federal credit.

(b) Nonincome-Producing Historic Structure. – A taxpayer who is not allowed a federal income tax credit under section 47 of the Code and who makes rehabilitation expenses for a certified historic structure located in this State is allowed a credit against the tax imposed by this Division. The amount of the credit is thirty percent (30%) of the rehabilitation expenses. To claim the credit allowed by this subsection, the taxpayer must attach to the return a copy of the certification obtained from the State Historic Preservation Officer verifying that the historic structure has been rehabilitated in accordance with this subsection. The following definitions apply in this subsection:

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

(2) Certified rehabilitation. – Repairs or alterations consistent with the Secretary of the Interior's Standards for Rehabilitation and certified as

such by the State Historic Preservation Officer prior to the commencement of the work. The expenditures must, within a 24-month period, exceed twenty-five thousand dollars (\$25,000). The North Carolina Historical Commission, in consultation with the State Historic Preservation Officer, may adopt rules needed to administer the certification process.

- (3) Rehabilitation expenses. – Expenses incurred in the certified rehabilitation of a certified historic structure and added to the property's basis. The term does not include the cost of acquiring the property, the cost attributable to the enlargement of an existing building, the cost of sitework expenditures, or the cost of personal property.
- (4) State Historic Preservation Officer. – The Director of the Division of Archives and History or the Director's designee who acts to administer the historic preservation programs within the State.

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

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

In the General Assembly read three times and ratified this the 26th day of May, 1997.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 9:55 a.m. this 4th day of June, 1997