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HOUSE BILL NO. 2459

Offered January 12, 2005

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A BILL to amend and reenact § 58.1-339.2 of the Code of Virginia, relating to certain material restoration work on homes of Presidents of the United States being eligible for the historic rehabilitation tax credit.

Patrons—Ware, R.L., Hugo and Scott, E.T.

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-339.2 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-339.2. Historic rehabilitation tax credit.

A. Effective for taxable years beginning on and after January 1, 1997, any individual, trust or estate, or corporation incurring eligible expenses in the rehabilitation of a certified historic structure shall be entitled to a credit against the tax imposed by Articles 2 (§ 58.1-320 et seq.), 6 (§ 58.1-360 et seq.) and 10 (§ 58.1-400 et seq.) of Chapter 3; Chapter 12 (§ 58.1-1200 et seq.); Article 1 (§ 58.1-2500 et seq.) of Chapter 25; and Article 2 (§ 58.1-2620 et seq.) of Chapter 26 of this title, in accordance with the following schedule:

Year	% of Eligible Expenses
1997	10%
1998	15%
1999	20%
2000 and thereafter	25%

If the amount of such credit exceeds the taxpayer's tax liability for such taxable year, the amount that exceeds the tax liability may be carried over for credit against the taxes of such taxpayer in the next ten taxable years or until the full credit is used, whichever occurs first. Credits granted to a partnership or electing small business corporation (S corporation) shall be passed through to the partners or shareholders, respectively. Credits granted to a partnership or electing small business corporation (S corporation) shall be allocated among all partners or shareholders, respectively, either in proportion to their ownership interest in such entity or as the partners or shareholders mutually agree as provided in an executed document, the form of which shall be prescribed by the Director of the Department of Historic Resources.

B. Effective for taxable years beginning on and after January 1, 2000, any individual, trust, estate, or corporation resident in Virginia that incurs eligible expenses in the rehabilitation of a certified historic structure in any other state that has in effect a reciprocal historic structure rehabilitation tax credit program and agreement for residents of that state who rehabilitate historic structures in Virginia shall be entitled to a credit to the same extent as provided in subsection A and other applicable provisions of law; however, no eligible party shall receive any credit authorized under this subsection prior to taxable years beginning on and after January 1, 2002.

C. To claim the credit authorized under this section, the taxpayer shall apply to the Virginia Department of Historic Resources, which shall determine the amount of eligible rehabilitation expenses and issue a certificate thereof to the taxpayer. The taxpayer shall attach the certificate to the Virginia tax return on which the credit is claimed.

D. When used in this section:

"Certified historic structure" means a property listed individually on the Virginia Landmarks Register, or certified by the Director of the Virginia Department of Historic Resources as contributing to the historic significance of a historic district that is listed on the Virginia Landmarks Register or certified by the Director of the Virginia Department of Historic Resources as meeting the criteria for listing on the Virginia Landmarks Register.

"Eligible rehabilitation expenses" means expenses incurred in the material rehabilitation of a certified historic structure and added to the property's capital account.

"Material rehabilitation" means improvements or reconstruction consistent with "The Secretary of the Interior's Standards for Rehabilitation," the cost of which amounts to at least ~~twenty-five~~ 50 percent of the assessed value of such building for local real estate tax purposes for the year prior to the initial expenditure of any rehabilitation expenses, unless the building is an owner-occupied building, in which case the cost shall amount to at least ~~twenty-five~~ 25 percent of the assessed value of such building for

58 local real estate tax purposes for the year prior to the initial expenditure of any rehabilitation expenses.

59 "Owner-occupied building" means any building that is used as a personal residence by the owner.

60 E. The Director of the Department of Historic Resources shall establish by regulation the
61 requirements needed for this program, including the fees to defray necessary expenses thereof, and,
62 except as otherwise prohibited by this section, the extent to which the availability of the credit provided
63 by this section is coextensive with the availability of the federal tax credit for the rehabilitation of
64 certified historic resources *under § 47 of the United States Internal Revenue Code of 1986, as amended*
65 *or renumbered, or successor provision.*

66 F. *The provisions of the credit authorized under this section shall be applicable to eligible*
67 *restoration expenses incurred in any material restoration of a historic presidential home completed on*
68 *or after January 1, 2005. For the purposes of this subsection:*

69 "Eligible restoration expenses" means expenses incurred in the material restoration of a historic
70 presidential home and, except in the case of demolition necessary to accomplish the restoration plan,
71 added to the property's capital account.

72 "Historic presidential home" means any home of a President of the United States located in the
73 Commonwealth of Virginia that is individually designated as a National Historic Landmark by the
74 United States Secretary of the Interior.

75 "Material restoration" means restoration work (i) that restores a historic presidential home to within
76 the period of significance stated in the National Historic Landmark individual designation of such home
77 by the United States Secretary of the Interior, (ii) that is consistent with "The Secretary of the Interior's
78 Standards for Restoration", and (iii) the cost of which amounts to at least 50 percent of the assessed
79 value of such home for local real estate tax purposes for the year prior to the initial expenditure of any
80 eligible restoration expenses, unless such home is an owner-occupied building, in which case the cost
81 shall amount to at least 25 percent of the assessed value of such home for local real estate tax purposes
82 for the year prior to the initial expenditure of any eligible restoration expenses.

83 The Director of the Virginia Department of Historic Resources shall make the determination of
84 whether a restoration is consistent with "The Secretary of the Interior's Standards for Restoration."
85 Except as specifically provided in this subsection, the procedures and requirements for claiming the tax
86 credit for eligible restoration expenses shall be consistent with the procedures and requirements
87 established by the Department of Historic Resources for the tax credit herein for eligible rehabilitation
88 expenses. In no case under this section shall a rehabilitation tax credit and a restoration tax credit be
89 granted for the same expense.