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HOUSE BILL NO. 1453

Offered January 22, 1996

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.2, relating to an income tax credit for historic rehabilitation projects conducted by individuals, partnerships or corporations.

Patrons—Cranwell, Barlow, Bloxom, Clement, DeBoer, Grayson, Howell, Rhodes, Van Landingham, Van Yahres and Woodrum; Senators: Chichester, Gartlan, Ticer, Walker and Wampler

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.2 as follows:

§ 58.1-339.2. Historic rehabilitation tax credit.

A. Any individual, trust or estate, or corporation shall be entitled to a credit against the tax imposed by §§ 58.1-320, 58.1-360 or 58.1-400, in an amount equal to twenty-five percent of the eligible expenses incurred in the rehabilitation of a certified historic structure. 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 income taxes of such taxpayer in the next five 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.

B. 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 income tax return on which the credit is claimed.

C. 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 fifty percent of the assessed value of such building for local real estate tax purposes for the year before such rehabilitation expenses were incurred.

D. The Director of the Department of Historic Resources shall establish by regulation the requirements needed for this program, including the fees to defray necessary expenses thereof.

INTRODUCED

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