

983147815

HOUSE BILL NO. 454

House Amendments in [] — February 19, 1998

A *BILL to amend and reenact § 58.1-339.2 of the Code of Virginia, relating to the historic rehabilitation tax credit.*

Patrons—Katzen, Albo, Cantor, Devolites, Drake, Guest, Hamilton, Harris, Kilgore, Wardrup and Wilkins

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.*) ~~or~~ *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 [~~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.

ENGROSSED

HB454E