OVERVIEW: Section 42.7 of S.L. 2021-180 reenacts and extends the mill rehabilitation tax credit, including the credit for a rehabilitated railroad station.

This section became effective when the act became law on July 1, 2021.

CURRENT LAW & BACKGROUND: In 2006, the General Assembly created a tax credit for rehabilitating vacant historic manufacturing sites if the taxpayer spent at least $3 million to rehabilitate the site. The credit is a percentage of the qualified rehabilitation expenditures, and the percentage varies depending on the enterprise tier location of the site and the eligibility for the federal credit. This credit expired January 1, 2015, for projects that had not obtained an eligibility certification by that date. For projects that had obtained an eligibility certification by that date, the credit was set to expire for projects not placed in service by January 1, 2023.

In 2019, the General Assembly created a specific mill rehabilitation tax credit for an eligible railroad station. Prior to the passage of this section, the credit was set to expire for expenditures that occurred on or after January 1, 2022, and for rehabilitation projects not completed and placed in service prior to January 1, 2022.

BILL ANALYSIS: Section 42.7 of S.L. 2021-180 reenacts and extends the mill rehabilitation tax credit, including the credit for a rehabilitated railroad station. Specifically, this provision does three things:

- It re-enacts the mill rehabilitation credit for new projects with a 2030 sunset.
- It extends the sunset rehabilitated railroad station projects from 2022 to 2030 and modifies the eligibility conditions so that additional projects may qualify.
- It clarifies that the re-enactment and extension of the credit does not require a project that obtained an eligibility certification prior to January 1, 2015, to reapply for certification.

EFFECTIVE DATE: This section became effective when the act became law on July 1, 2021.