



2021-2022 General Assembly

SENATE BILL 105: 2021 Appropriations Act, Sec. 42.7A: Expand and Extend Historic Rehabilitation Credit

Committee:
Introduced by:
Analysis of: Sec. 42.7A of S.L. 2021-180

Date: January 26, 2022
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OVERVIEW: Section 42.7A of S.L. 2021-180 expands and extends the historic rehabilitation tax credit.

The expansion of the credit to provide a bonus amount for historic structures used for an educational purpose became effective for taxable years beginning on or after January 1, 2021. The remainder of this section became effective July 1, 2021, when the act became law.

CURRENT LAW: The Historic Rehabilitation Tax Credits Investment Program¹ provides tax credits for rehabilitating income-producing and non-income producing historic structures. To qualify, the taxpayer must qualify for the federal income tax credit under section 47 of the Code, and the credit amount is based on a percentage of expenses and, for income-producing structures, the location of the structure. Prior to the passage of this section, the program was set to expire for rehabilitation expenditures incurred on or after January 1, 2024.

BILL ANALYSIS: Section 42.7A of S.L. 2021-180 expands and extends the historic rehabilitation tax credit as follows:

- Subsection (a) expands the credit by increasing the credit amount if the certified historic structure is used for an educational purpose. The bonus amount is equal to 5% of rehabilitation expenses with a cap of \$1 million. The certified historic structure must have had an original use as an educational building, return to service as an educational building following the rehabilitation, and remain an educational building when the tax credit is taken. For a certified historic structure used for multiple purposes, the bonus amount is prorated based on the area of the building used for an educational purpose. An educational purpose is defined as: "A purpose that has as its objective the education or instruction of human beings; it comprehends the transmission of information and the training or development of the knowledge or skills of individual persons."
- Subsection (b) extends the sunset date for the credit program from January 1, 2024, to January 1, 2030.

EFFECTIVE DATE: The part of this section expanding the credit to provide a bonus amount for historic structures used for an educational purpose became effective for taxable years beginning on or after January 1, 2021. The remainder of the section became effective July 1, 2021, when the act became law.

¹ Article 3L of Chapter 105.

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Legislative Analysis
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