

By: Representative Reeves

To: Ways and Means

## HOUSE BILL NO. 526

1 AN ACT TO AUTHORIZE AN INCOME TAX CREDIT FOR TAXPAYERS WHO  
2 INCUR COSTS AND EXPENSES FOR THE REHABILITATION OF ELIGIBLE  
3 PROPERTY WHICH IS A CERTIFIED HISTORIC STRUCTURE OR A STRUCTURE IN  
4 A CERTIFIED HISTORIC DISTRICT IN AN AMOUNT EQUAL TO 25% OF THE  
5 TOTAL COSTS AND EXPENSES OF REHABILITATION INCURRED, IF THE COSTS  
6 AND EXPENSES ASSOCIATED WITH REHABILITATION EXCEED 50% OF THE  
7 TOTAL BASIS IN THE PROPERTY AND THE REHABILITATION IS CONSISTENT  
8 WITH THE STANDARDS OF THE SECRETARY OF THE UNITED STATES  
9 DEPARTMENT OF THE INTERIOR AS DETERMINED BY THE MISSISSIPPI  
10 DEPARTMENT OF ARCHIVES AND HISTORY; TO PROVIDE THAT IF THE AMOUNT  
11 OF THE TAX CREDIT EXCEEDS THE TOTAL STATE INCOME TAX LIABILITY FOR  
12 THE YEAR IN WHICH THE REHABILITATED PROPERTY IS PLACED IN SERVICE,  
13 THE AMOUNT THAT EXCEEDS THE TOTAL STATE INCOME TAX LIABILITY MAY  
14 BE CARRIED BACK TO EACH OF THE THREE TAX YEARS PRECEDING THE TAX  
15 YEAR IN WHICH THE ORIGINAL CREDIT IS CLAIMED AND CARRIED FORWARD  
16 FOR THE TEN SUCCEEDING TAX YEARS; TO ALLOW THE TAXPAYER TO  
17 TRANSFER, SELL OR ASSIGN SUCH CREDITS; TO PROVIDE THE MANNER IN  
18 WHICH SUCH CREDIT MAY BE CLAIMED; AND FOR RELATED PURPOSES.

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

20 **SECTION 1.** (1) As used in this section:

21 (a) "Certified historic structure" means a property  
22 located in Mississippi and listed individually on the National  
23 Register of Historic Places.

24 (b) "Eligible property" means property located in  
25 Mississippi and offered or used for residential or business  
26 purposes.

27 (c) "Structure in a certified historic district" means  
28 a structure (and its structural components) located in Mississippi  
29 which (i) is listed in the National Register of Historic Places or  
30 (ii) is located in a registered historic district and is certified  
31 by the Secretary of the United States Department of the Interior  
32 as being of historic significance to the district; or a structure  
33 (and its structural components) certified by the Mississippi  
34 Department of Archives and History as contributing to the historic  
35 significance of a certified historic district listed on the

36 National Register of Historic Places or a local district that has  
37 been certified by the United States Department of the Interior.

38 (2) Any taxpayer incurring costs and expenses for the  
39 rehabilitation of eligible property, which is a certified historic  
40 structure or a structure in a certified historic district, shall  
41 be entitled to a credit against the taxes imposed pursuant to this  
42 chapter in an amount equal to twenty-five percent (25%) of the  
43 total costs and expenses of rehabilitation incurred after January  
44 1, 2005, which shall include, but not be limited to, qualified  
45 rehabilitation expenditures as defined under Section 47(c)(2)(A)  
46 of the Internal Revenue Code of 1986, as amended, and the related  
47 regulations thereunder, if the costs and expenses associated with  
48 rehabilitation exceed fifty percent (50%) of the total basis in  
49 the property and the rehabilitation is consistent with the  
50 standards of the Secretary of the United States Department of the  
51 Interior as determined by the Mississippi Department of Archives  
52 and History.

53 (3) (a) If the amount of the tax credit established by this  
54 section exceeds the total state income tax liability for the year  
55 in which the rehabilitated property is placed in service, the  
56 amount that exceeds the total state income tax liability may be  
57 carried back to each of the three (3) tax years preceding the tax  
58 year in which the original credit is claimed and carried forward  
59 for the ten (10) succeeding tax years.

60 (b) Not-for-profit entities, including, but not limited  
61 to, nonprofit corporations organized under Section 79-11-101  
62 et seq. shall be ineligible for the credit authorized by this  
63 section. Eligible taxpayers may transfer, sell or assign the  
64 credits. Credits granted to a partnership, a limited liability  
65 company taxed as a partnership or multiple owners of property  
66 shall be passed through to the partners, members or owners on a  
67 pro rata basis or pursuant to an executed agreement among the

68 partners, members or owners documenting an alternative  
69 distribution method.

70 (c) The transferee, buyer or assignee of a tax credit  
71 may use acquired credits to offset up to one hundred percent  
72 (100%) of the taxes imposed pursuant to this chapter. In order to  
73 transfer, sell or assign the credit authorized by this section,  
74 the transferor, seller or assignor shall notify the Mississippi  
75 Development Authority in writing within thirty (30) calendar days  
76 following the effective date of the transfer, sale or assignment,  
77 and shall provide any information as may be required by the  
78 Mississippi Development Authority to carry out the provisions of  
79 this subsection.

80 (4) To claim the credit authorized pursuant to this section,  
81 the taxpayer shall apply to the Mississippi Development Authority  
82 which, in consultation with the Mississippi Department of Archives  
83 and History, shall determine the amount of eligible rehabilitation  
84 costs and expenses and whether the rehabilitation is consistent  
85 with the standards of the Secretary of the United States  
86 Department of the Interior. The Mississippi Development Authority  
87 shall issue a certificate evidencing the eligible credit if the  
88 taxpayer is found to be eligible for the tax credit. The taxpayer  
89 shall attach the certificate to all income tax returns on which  
90 the credit is claimed.

91 **SECTION 2.** This act shall take effect and be in force from  
92 and after January 1, 2005.