

By: Representatives Watson, Brown, Peranich, To: Ways and Means
Reeves

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1604

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 PROVIDE THE MANNER IN WHICH
17 SUCH CREDIT MAY BE CLAIMED; TO PROVIDE FOR THE MISSISSIPPI
18 DEVELOPMENT AUTHORITY TO DETERMINE THE AMOUNT OF THE ELIGIBLE TAX
19 CREDIT, CONSISTENT WITH THE STANDARDS OF THE SECRETARY OF THE
20 UNITED STATES DEPARTMENT OF THE INTERIOR; TO REQUIRE THAT THE
21 EXPENDITURES HAVE A POSITIVE ECONOMIC, FISCAL OR TAX IMPACT ON THE
22 STATE OR LOCAL GOVERNMENTS; TO PROVIDE FOR A DECEMBER 31, 2010,
23 REPEAL DATE ON THE INCOME TAX CREDIT AUTHORIZED UNDER THIS ACT;
24 AND FOR RELATED PURPOSES.

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

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

27 (a) "Certified historic structure" means a property
28 located in Mississippi and listed individually on the National
29 Register of Historic Places.

30 (b) "Eligible property" means property located in
31 Mississippi and offered or used for residential or business
32 purposes.

33 (c) "Structure in a certified historic district" means
34 a structure (and its structural components) located in Mississippi
35 which (i) is listed in the National Register of Historic Places or
36 (ii) is located in a registered historic district and is certified
37 by the Secretary of the United States Department of the Interior
38 as being of historic significance to the district; or a structure

39 (and its structural components) certified by the Mississippi
40 Department of Archives and History as contributing to the historic
41 significance of a certified historic district listed on the
42 National Register of Historic Places or a local district that has
43 been certified by the United States Department of the Interior.

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

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

65 (b) Not-for-profit entities, including, but not limited
66 to, nonprofit corporations organized under Section 79-11-101
67 et seq. shall be ineligible for the credit authorized by this
68 section. Credits granted to a partnership, a limited liability
69 company taxed as a partnership or multiple owners of property
70 shall be passed through to the partners, members or owners on a
71 pro rata basis or pursuant to an executed agreement among the

72 partners, members or owners documenting an alternative
73 distribution method.

74 (4) To claim the credit authorized pursuant to this section,
75 the taxpayer shall apply to the Mississippi Development Authority
76 which shall determine the amount of eligible rehabilitation costs
77 and expenses and whether the rehabilitation is consistent with the
78 standards of the Secretary of the United States Department of the
79 Interior. If the Mississippi Development Authority makes a
80 determination that the expenditure of eligible rehabilitation
81 costs has a positive economic, fiscal or tax impact, either direct
82 or indirect, on the state or on local governments, the Mississippi
83 Development Authority shall issue a certificate evidencing the
84 eligible credit if the taxpayer is found to be eligible for the
85 tax credit. The taxpayer shall attach the certificate to all
86 income tax returns on which the credit is claimed.

87 (5) This section shall stand repealed on December 31, 2010.

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