

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 1505

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, 2011,
 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, 2006, 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 Department of Archives and History.
58 The Board of Trustees of the Department of Archives and History is
59 authorized to charge a reasonable nonrefundable fee for
60 administration of this act, said fee not to exceed the actual cost
61 of providing such services. Any taxpayer desiring to participate
62 in the tax credits authorized by this section shall pay this fee
63 to the Department of Archives and History, which shall be used
64 without appropriation from the Legislature, by the department to
65 offset such administrative costs.

66 (3) (a) If the amount of the tax credit established by this
67 section exceeds the total state income tax liability for the year
68 in which the rehabilitated property is placed in service, the
69 amount that exceeds the total state income tax liability may be
70 carried back to each of the three (3) tax years preceding the tax

71 year in which the original credit is claimed and carried forward
72 for the ten (10) succeeding tax years.

73 (b) Not-for-profit entities, including, but not limited
74 to, nonprofit corporations organized under Section 79-11-101
75 et seq. shall be ineligible for the credit authorized by this
76 section. Credits granted to a partnership, a limited liability
77 company taxed as a partnership or multiple owners of property
78 shall be passed through to the partners, members or owners on a
79 pro rata basis or pursuant to an executed agreement among the
80 partners, members or owners documenting an alternative
81 distribution method.

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

95 (5) This section shall stand repealed on December 31, 2011.

96 **SECTION 2.** This act shall take effect and be in force from
97 and after January 1, 2006.