



H.B. 463

123rd General Assembly
(As Introduced)

Reps. Hollister, Tiberi, Gardner, R. Miller, Vesper, Grendell, Flannery, Trakas, Logan, Evans, Terwilleger, Bender, Schuring, Van Vyven, Barrett, Krupinski, Krebs

BILL SUMMARY

- Allows corporations and individuals to receive nonrefundable tax credits for all or part of their costs of rehabilitating and preserving historic property.
- Credits may be for up to \$50,000 for each historic property.
- Applies to rehabilitation and preservation costs incurred in taxable years ending in 2000 through 2005.

CONTENT AND OPERATION

Tax credit for historic property

(secs. 5733.43 and 5747.64; conforming changes in other sections)

The bill allows taxpayers to claim corporation franchise and personal income tax credits for 25% of the "qualifying expenditure" incurred by the taxpayer to rehabilitate or preserve historic property owned by the taxpayer. To be eligible for the credit, a qualifying expenditure must be incurred in a taxable year ending in 2001, 2002, 2003, 2004, or 2005. The total amount of credit claimed by a property owner with respect to a single historic property over that period may not exceed \$50,000 (equivalent to \$200,000 in qualifying rehabilitation expenditures). The credit is nonrefundable, meaning that if the amount of credit a taxpayer is entitled to exceeds the taxpayer's year-end tax liability, the taxpayer does not receive a refund for the difference.

"Qualifying expenditure"

For the purposes of the bill, a qualifying expenditure is an expenditure incurred by the owner of historic property to rehabilitate the property or to preserve the property once it has been rehabilitated. Qualifying expenditures do not include expenditures to acquire the property; to add to, expand, or enlarge the property (unless necessitated by building codes); or to modify or maintain the land surrounding the property.

"Historic property"

For the purpose of the tax credit, historic property is a building or structure in Ohio that was constructed before 1900 or that is listed on the National Register of Historic Places. The National Register of Historic Places is a register maintained by the U.S. Secretary of the Interior (through the National Park Service), and consists of "districts, sites, buildings, structures and objects significant in American history, architecture, archeology, engineering, and culture." (16 U.S.C.A. 470a.) To be listed on the National Register, property must be nominated or recommended to the National Park Service and satisfy criteria established by that agency.

Certification of National Register-listed property

If historic property is listed on the National Register, the property owner may claim the credit only if the Ohio Historic Preservation Officer (or a designee) certifies that rehabilitation of the property satisfies federal rehabilitation standards. These are standards that must be satisfied in order for a property owner to claim the federal rehabilitation tax credit. A federal rehabilitation tax credit is available for 10% of rehabilitation costs, or 20% in the case of property that is certified by the National Park Service as being of historical significance or lending to the historic character of a historic district. (26 U.S.C.A. 47.) The federal rehabilitation standards are intended to "assist the long-term preservation of a property's significance through the preservation of historic materials and features." (36 C.F.R. 67.7.) The rehabilitation standards require, among other things, that the historic character of property is preserved, that distinctive historic features are retained, and that repair of historic features should be preferred over replacement.

A taxpayer intending to claim a tax credit for property listed on the National Register must apply for certification before incurring any qualifying expenditures for which the credit is claimed. If the Historic Preservation Officer (or a designee) determines that the rehabilitation satisfies the federal rehabilitation standards, the Officer must issue a certificate identifying the property and the taxpayer. The taxpayer must keep the certificate for four years (the statute of

limitations for assessing most unpaid franchise or income taxes), and must make it available to the Tax Commissioner for auditing purposes.

The Historic Preservation Officer or a designee must prescribe any forms or procedures necessary for the certification process.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-30-99	p. 1231

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