

## Alabama State Historic Tax Credit Bill HB140 – 5/13/2013

### TAX CREDIT FOR REHABILITATION, PRESERVATION, OR DEVELOPMENT OF HISTORIC STRUCTURES

**MAXIMUM # OF TAX CREDITS:** (1) \$20,000,000

**HISTORIC TAX CREDITS:** (1) Maximum credit: \$5,000,000

**HISTORIC TAX CREDIT %:** (1) 25% of QRE for certified historic structures;  
(2) 10% of QRE for qualified pre-1936 non-historic structures.

**TRANSFERABILITY:** None

**EXPIRATION:** Three (3) years from the date signed into law

**TIMING:** HTC rules to be completed by 9/1/13 and applications may be taken by 10/1/13.

**USING THE TAX CREDIT:** Tax Credit may be taken the year the project is placed in service, and carried forward up to 10 years.

**ALABAMA HISTORICAL COMMISSION (“AHC”)** will develop standards and administer the program and certify:

- (1) “CERTIFIED HISTORIC STRUCTURE” designation as individually listed in the National Register of Historic Places (“NRHP”), eligible for listing in the NRHP, or certified by the AHC as contributing to the historical significance of a Register Historic District,
- (2) “CERTIFIED REHABILITATION” that meets IRS and US Secretary of Interior’s Standards for Rehabilitation and includes certified historic structures and qualified pre-1936 non-historic structures, and/or
- (3) “CERTIFIED HISTORIC RESIDENTIAL STRUCTURE” a certified historic structure or pre-1936 built structures that will be used as single family, owner occupied residential property (free standing or townhomes). No individual units in a multi-residential structure.

**AHC Fees:** Up to 1% of the qualified rehab expenses with a maximum of \$10,000.

#### PROCESS:

1. Prior to beginning work, the owner will submit an application, construction rehab plans & specs, and a QRE cost estimate to AHC for approval.
2. If AHC approves the application, a tax credit is reserved for the applicant.
3. Applicant/owner will complete the work and report back to the AHC with a cost certification and an appraisal, verifying the work completed.
4. Upon acceptance the AHC will provide a tax credit certificate to be filed with the taxpayers Alabama state income tax return.

**REPORTING:** (1) The AHC will report to the Legislators in the 3<sup>rd</sup> year of the passage of the Act, and annually thereafter on economic activity, usage, and impact to the State. (2) AHC will send the appraisal required when placed in service to the taxing authorities for reassessment of ad valorem taxes.

#### DEFINITIONS:

**SUBSTANTIAL REHABILITATION:** QRE greater than 50% of the owner’s original purchase price or \$25,000 whichever is greater.

**QUALIFIED REHABILITATION EXPENDITURE (“QRE”):** Conforms with IRS Code 47 (C)(2)(A) for substantial rehabilitation or repair that is capitalized for tax purposes.

**QRE EXCLUDES:** Cost of acquisition, owner’s personal labor; cost of outbuilding rehab, unless AHC certified.