

By the Committee on Tourism and Representatives Barreiro,
Bullard, Culp, Livingston, Harrington, Melvin and D. Prewitt

1 A bill to be entitled
2 An act relating to corporate income tax;
3 creating s. 220.185, F.S.; providing findings
4 and purpose; authorizing a credit against such
5 tax equal to a percentage of the costs of
6 rehabilitation of a historic building used for
7 commercial purposes; providing limitations;
8 requiring certification that the property was
9 used for a commercial purpose; providing for
10 carryover of the credit; providing eligibility
11 requirements for historic buildings and
12 improvements thereto; providing application
13 requirements; requiring a resolution by the
14 local government; providing duties of the
15 Division of Historical Resources, Department of
16 State, and Department of Revenue regarding
17 administration and monitoring of exemptions;
18 amending s. 220.02, F.S.; providing order of
19 credits against the tax; providing an effective
20 date.

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22 Be It Enacted by the Legislature of the State of Florida:
23

24 Section 1. Section 220.185, Florida Statutes, is
25 created to read:

26 220.185 Credit for rehabilitation of historic
27 buildings.--

28 (1) LEGISLATIVE FINDINGS.--The Legislature finds that:

29 (a) The abundant and valuable heritage reflected in
30 the many historic properties around the state is significant
31 and worthy of conservation and preservation. Chapter 267

1 clearly provides that the policy of this state regarding its
2 nonrenewable historic resources is to include:

3 1. Providing leadership in the preservation of the
4 state's historic resources.

5 2. Contributing to the preservation of non-state-owned
6 historic resources and giving encouragement to organizations
7 and individuals undertaking preservation by private means.

8 3. Fostering conditions, using measures that include
9 financial and technical assistance, for a harmonious
10 coexistence of society and state historic resources.

11 4. Encouraging the public and private preservation and
12 utilization of elements of the state's historically built
13 environment.

14 (b) Many historic buildings in this state could be
15 rehabilitated in a manner that reflects their heritage, and be
16 used for commercial purposes, thereby facilitating and
17 promoting investment in, and preservation of, these valuable
18 historical resources.

19 (c) In order to encourage and promote private
20 investment in historic buildings, it is necessary to establish
21 a program that provides incentives significant enough to
22 encourage participation.

23 (2) POLICY AND PURPOSE.--It is the policy of this
24 state to encourage private corporations to invest in the
25 adaptive reuse and preservation of historic buildings. The
26 purpose of this section is to establish a program that
27 provides incentives for such investment by granting state
28 corporate income tax credits to corporations that participate
29 in the program.

30 (3) AUTHORIZATION TO GRANT HISTORIC BUILDINGS
31 INVESTMENT TAX CREDITS; LIMITATIONS.--

1 (a) A credit shall be allowed to a corporate taxpayer
2 against any tax due for a taxable year under this chapter in
3 an amount equal to 50 percent of the costs of substantial
4 rehabilitation and preservation of a historic building that is
5 to be used for commercial purposes.

6 (b) No taxpayer shall be eligible to receive more than
7 \$200,000 in tax credits for a rehabilitation project approved
8 pursuant to this section.

9 (c) The total amount of tax credits which may be
10 granted for all projects approved under this section is \$1
11 million annually.

12 (d) All proposals for the granting of tax credits
13 pursuant to this section shall require the prior approval of
14 the Department of State.

15 (e) The corporate tax return filed 1 year after the
16 date of completion shall include a certification by the
17 corporate taxpayer stating that the rehabilitated historic
18 property was used for a commercial purpose. In the event that
19 the building was not used for a commercial purpose, the
20 certification must state the date the building was taken out
21 of commercial service, and the credit amount shall be prorated
22 and repaid.

23 (f) If the tax credit granted pursuant to this section
24 is not fully used in any one year because of insufficient tax
25 liability on the part of the taxpayer, the unused portion may
26 be carried forward for a period not to exceed 5 years. The
27 carryover credit may be used in a subsequent year when the tax
28 imposed by this chapter for such year exceeds the credit for
29 such year under this section after applying the other credits
30 and unused credit carryovers in the order provided in s.
31 220.02(10).

1 (g) No expenditure prior to January 1, 1998, shall
2 count as a qualified rehabilitation expenditure, which is
3 defined as any amount properly chargeable to capital accounts
4 in connection with the rehabilitation of a qualified historic
5 building.

6 (4) ELIGIBILITY.--

7 (a) Any project undertaken pursuant to this section
8 must be used for a commercial purpose.

9 (b) A historic building qualifies for this program if
10 the property at the time the exemption is granted:

11 1. Is listed in the National Register of Historic
12 Places pursuant to the National Historic Preservation Act of
13 1966, as amended;

14 2. Is a contributing property to a National Register
15 Historic District; or

16 3. Is designated as a historic property, or as a
17 contributing property to a historic district, under the terms
18 of a local preservation ordinance.

19 (c) In order for an improvement to a historic property
20 to qualify the property for exemption, the improvement must:

21 1. Be consistent with the United States Secretary of
22 the Interior's Standards for Rehabilitation.

23 2. Be a substantial rehabilitation, with qualified
24 expenditures exceeding the greater of \$5,000 or the adjusted
25 basis of the building. The adjusted basis is the actual cost
26 of the property minus the cost of the land, plus any capital
27 improvement already made, minus any depreciation already
28 taken. The Department of Revenue shall determine whether or
29 not an improvement qualifies as a substantial rehabilitation.

30 3. Be completed within a 24-month period following
31 approval of written architectural plans and specifications.

1 4. Be determined by the Division of Historical
2 Resources to meet criteria established in rules adopted by the
3 Department of State.

4 (5) APPLICATION.--Proposals to participate in the
5 program established by this section must be submitted to the
6 Division of Historical Resources of the Department of State in
7 accordance with rules prescribed by the Department of State.
8 A proposal must contain a resolution from the local
9 governmental unit in which the property is located certifying
10 that the proposal is consistent with local plans and
11 regulations.

12 (6) ADMINISTRATION.--

13 (a) The Department of State is authorized to
14 promulgate all rules necessary to administer this section,
15 including rules for the approval or disapproval of proposals.

16 (b) The decision of the Secretary of State shall be in
17 writing, and, if approved, the proposal shall state the amount
18 of credit allowed to the business firm. A copy of the
19 decision shall be transmitted to the executive director of the
20 Department of Revenue, who shall apply such credit to the tax
21 liability of the taxpayer.

22 (c) The Division of Historical Resources shall
23 periodically monitor all projects in a manner consistent with
24 available resources to ensure that resources are utilized in
25 accordance with this section; however, each project shall be
26 reviewed upon the completion of rehabilitation.

27 (d) The Department of Revenue shall promulgate any
28 rules necessary to ensure the orderly implementation and
29 administration of this section.

30 Section 2. Subsection (10) of section 220.02, Florida
31 Statutes, is amended to read:

1 220.02 Legislative intent.--
2 (10) It is the intent of the Legislature that credits
3 against either the corporate income tax or the franchise tax
4 be applied in the following order: those enumerated in s.
5 220.68, those enumerated in s. 631.719(1), those enumerated in
6 s. 631.705, those enumerated in s. 220.18, those enumerated in
7 s. 631.828, those enumerated in s. 220.181, those enumerated
8 in s. 220.183, those enumerated in s. 220.182, those
9 enumerated in s. 221.02, those enumerated in s. 220.184, those
10 enumerated in s. 220.186, ~~and~~ those enumerated in s. 220.188,
11 and those enumerated in s. 220.185.

12 Section 3. This act shall take effect January 1, 1998.

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HOUSE SUMMARY

Authorizes a credit against the corporate income tax equal to 50 percent of the costs of rehabilitation of a historic building used for commercial purposes. Provides limitations. Requires certification that the property was used for a commercial purpose. Provides for carryover of the credit. Provides eligibility and application requirements, and requires a resolution by the local government. Provides duties of the Division of Historical Resources, Department of State, and Department of Revenue regarding administration and monitoring of exemptions.