

By the Committees on Finance & Taxation, Tourism and  
 Representatives Barreiro, Bullard, Culp, Livingston,  
 Harrington, Melvin, D. Prewitt and Murman

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 requirements and  
 8           limitations; requiring certification with  
 9           respect to the period during which the property  
 10          was used for a commercial purpose; providing  
 11          for carryover of the credit; providing  
 12          eligibility requirements for historic buildings  
 13          and improvements thereto; providing application  
 14          requirements; requiring a resolution by the  
 15          local government; providing duties of the  
 16          Division of Historical Resources, Department of  
 17          State, and Department of Revenue regarding  
 18          administration and monitoring of exemptions;  
 19          amending s. 220.02, F.S.; providing order of  
 20          credits against the tax; amending s. 220.13,  
 21          F.S., which provides for the determination of  
 22          adjusted federal income, to provide for the  
 23          addition of rehabilitation costs equal to the  
 24          credit under s. 220.185 to a taxpayer's taxable  
 25          income; providing an effective date.

26  
 27 Be It Enacted by the Legislature of the State of Florida:

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 29           Section 1. Section 220.185, Florida Statutes, is  
 30 created to read:

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1           220.185 Credit for rehabilitation of historic  
2 buildings.--  
3           (1) LEGISLATIVE FINDINGS.--The Legislature finds that:  
4           (a) The abundant and valuable heritage reflected in  
5 the many historic properties around the state is significant  
6 and worthy of conservation and preservation. Chapter 267  
7 clearly provides that the policy of this state regarding its  
8 nonrenewable historic resources is to include:  
9           1. Providing leadership in the preservation of the  
10 state's historic resources.  
11           2. Contributing to the preservation of non-state-owned  
12 historic resources and giving encouragement to organizations  
13 and individuals undertaking preservation by private means.  
14           3. Fostering conditions, using measures that include  
15 financial and technical assistance, for a harmonious  
16 coexistence of society and state historic resources.  
17           4. Encouraging the public and private preservation and  
18 utilization of elements of the state's historically built  
19 environment.  
20           (b) Many historic buildings in this state could be  
21 rehabilitated in a manner that reflects their heritage, and be  
22 used for commercial purposes, thereby facilitating and  
23 promoting investment in, and preservation of, these valuable  
24 historical resources.  
25           (c) In order to encourage and promote private  
26 investment in historic buildings, it is necessary to establish  
27 a program that provides incentives significant enough to  
28 encourage participation.  
29           (2) POLICY AND PURPOSE.--It is the policy of this  
30 state to encourage private corporations to invest in the  
31 adaptive reuse and preservation of historic buildings. The

1 purpose of this section is to establish a program that  
2 provides incentives for such investment by granting state  
3 corporate income tax credits to corporations that participate  
4 in the program.

5 (3) AUTHORIZATION TO GRANT HISTORIC BUILDINGS  
6 INVESTMENT TAX CREDITS; LIMITATIONS.--

7 (a) A credit shall be allowed to a corporate taxpayer  
8 against any tax due for a taxable year under this chapter in  
9 an amount equal to 50 percent of the costs of substantial  
10 rehabilitation and preservation of a historic building that is  
11 to be used for commercial purposes during the year following  
12 the completion of the project.

13 (b) No taxpayer shall be eligible to receive more than  
14 \$200,000 in tax credits for a rehabilitation project approved  
15 pursuant to this section.

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

19 (d) All proposals for the granting of tax credits  
20 pursuant to this section shall require the prior approval of  
21 the Department of State.

22 (e) Any corporate tax return which is required to be  
23 filed under this chapter for any period within 1 year after  
24 the date of completion shall include a certification by the  
25 corporate taxpayer stating the period during such taxable year  
26 that the historic property was used for a commercial purpose.  
27 The amount of the approved credit that may be claimed for such  
28 taxable year shall be computed based on the percentage such  
29 period of commercial use occurred within the 12-month period  
30 following the date of completion.

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1       (f) If the tax credit granted pursuant to this section  
2 is not fully used in any one year because of insufficient tax  
3 liability on the part of the taxpayer, the unused portion may  
4 be carried forward for a period not to exceed 5 years. The  
5 carryover credit may be used in a subsequent year when the tax  
6 imposed by this chapter for such year exceeds the credit for  
7 such year under this section after applying the other credits  
8 and unused credit carryovers in the order provided in s.  
9 220.02(10).

10       (g) No expenditure prior to January 1, 1999, shall  
11 count as a qualified rehabilitation expenditure, which is  
12 defined as any amount properly chargeable to capital accounts  
13 in connection with the rehabilitation of a qualified historic  
14 building.

15       (h) It shall be the responsibility of the taxpayer to  
16 affirmatively demonstrate to the satisfaction of the  
17 Department of Revenue that it meets the requirements of this  
18 section.

19       (4) ELIGIBILITY.--

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

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

24           1. Is listed in the National Register of Historic  
25 Places pursuant to the National Historic Preservation Act of  
26 1966, as amended;

27           2. Is a contributing property to a National Register  
28 Historic District; or

29           3. Is designated as a historic property, or as a  
30 contributing property to a historic district, under the terms  
31 of a local preservation ordinance.

1       (c) In order for an improvement to a historic property  
2 to qualify the property for exemption, the improvement must:  
3       1. Be consistent with the United States Secretary of  
4 the Interior's Standards for Rehabilitation.  
5       2. Be a substantial rehabilitation, with qualified  
6 expenditures exceeding the greater of \$5,000 or the adjusted  
7 basis of the building. The adjusted basis is the actual cost  
8 of the property minus the cost of the land, plus any capital  
9 improvement already made, minus any depreciation already  
10 taken. The Department of Revenue shall determine whether or  
11 not an improvement qualifies as a substantial rehabilitation.  
12       3. Be completed within a 24-month period following  
13 approval of written architectural plans and specifications.  
14       4. Be determined by the Division of Historical  
15 Resources to meet criteria established in rules adopted by the  
16 Department of State.  
17       (5) APPLICATION.--Proposals to participate in the  
18 program established by this section must be submitted to the  
19 Division of Historical Resources of the Department of State in  
20 accordance with rules prescribed by the Department of State.  
21 A proposal must contain a resolution from the local  
22 governmental unit in which the property is located certifying  
23 that the proposal is consistent with local plans and  
24 regulations.  
25       (6) ADMINISTRATION.--  
26       (a) The Department of State is authorized to  
27 promulgate all rules necessary to administer this section,  
28 including rules for the approval or disapproval of proposals.  
29       (b) The decision of the Secretary of State shall be in  
30 writing, and, if approved, the proposal shall state the amount  
31 of credit allowed to the business firm. A copy of the

1 decision shall be transmitted to the executive director of the  
2 Department of Revenue, who shall apply such credit to the tax  
3 liability of the taxpayer.

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

9 (d) The Department of Revenue shall promulgate any  
10 rules necessary to ensure the orderly implementation and  
11 administration of this section.

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

14 220.02 Legislative intent.--

15 (10) It is the intent of the Legislature that credits  
16 against either the corporate income tax or the franchise tax  
17 be applied in the following order: those enumerated in s.  
18 220.68, those enumerated in s. 631.719(1), those enumerated in  
19 s. 631.705, those enumerated in s. 220.18, those enumerated in  
20 s. 631.828, those enumerated in s. 220.181, those enumerated  
21 in s. 220.183, those enumerated in s. 220.182, those  
22 enumerated in s. 220.1895, those enumerated in s. 221.02,  
23 those enumerated in s. 220.184, those enumerated in s.  
24 220.186, ~~and~~ those enumerated in s. 220.188, and those  
25 enumerated in s. 220.185.

26 Section 3. Paragraph (a) of subsection (1) of section  
27 220.13, Florida Statutes, is amended to read:

28 220.13 "Adjusted federal income" defined.--

29 (1) The term "adjusted federal income" means an amount  
30 equal to the taxpayer's taxable income as defined in  
31 subsection (2), or such taxable income of more than one

1 taxpayer as provided in s. 220.131, for the taxable year,  
2 adjusted as follows:

3 (a) Additions.--There shall be added to such taxable  
4 income:

5 1. The amount of any tax upon or measured by income,  
6 excluding taxes based on gross receipts or revenues, paid or  
7 accrued as a liability to the District of Columbia or any  
8 state of the United States which is deductible from gross  
9 income in the computation of taxable income for the taxable  
10 year.

11 2. The amount of interest which is excluded from  
12 taxable income under s. 103(a) of the Internal Revenue Code or  
13 any other federal law, less the associated expenses disallowed  
14 in the computation of taxable income under s. 265 of the  
15 Internal Revenue Code or any other law, excluding 60 percent  
16 of any amounts included in alternative minimum taxable income,  
17 as defined in s. 55(b)(2) of the Internal Revenue Code, if the  
18 taxpayer pays tax under s. 220.11(3).

19 3. In the case of a regulated investment company or  
20 real estate investment trust, an amount equal to the excess of  
21 the net long-term capital gain for the taxable year over the  
22 amount of the capital gain dividends attributable to the  
23 taxable year.

24 4. That portion of the wages or salaries paid or  
25 incurred for the taxable year which is equal to the amount of  
26 the credit allowable for the taxable year under s. 220.181.  
27 The provisions of this subparagraph shall expire and be void  
28 on June 30, 2005.

29 5. That portion of the ad valorem school taxes paid or  
30 incurred for the taxable year which is equal to the amount of  
31 the credit allowable for the taxable year under s. 220.182.

1 The provisions of this subparagraph shall expire and be void  
2 on June 30, 2005.

3 6. The amount of emergency excise tax paid or accrued  
4 as a liability to this state under chapter 221 which tax is  
5 deductible from gross income in the computation of taxable  
6 income for the taxable year.

7 7. That portion of assessments to fund a guaranty  
8 association incurred for the taxable year which is equal to  
9 the amount of the credit allowable for the taxable year.

10 8. In the case of a nonprofit corporation which holds  
11 a pari-mutuel permit and which is exempt from federal income  
12 tax as a farmers' cooperative, an amount equal to the excess  
13 of the gross income attributable to the pari-mutuel operations  
14 over the attributable expenses for the taxable year.

15 9. The amount taken as a credit for the taxable year  
16 under s. 220.1895.

17 10. That portion of the substantial rehabilitation and  
18 preservation costs which is paid for the taxable year which is  
19 equal to the credit allowable for the taxable year under s.  
20 220.185.

21 Section 4. This act shall take effect January 1, 1999.  
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