NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 856 (First Edition)

SHORT TITLE: Historic Preservation Credit Limitation

SPONSOR(S): Senators Kerr, Horton, et al.

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

General Fund see ASSUMPTIONS AND METHODOLOGY

EXPENDITURES

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Cultural Resources – State Historic Preservation

Office; Department of Revenue

EFFECTIVE DATE: This act is effective for taxable years beginning on or after January 1, 2001.

BILL SUMMARY: This bill clarifies that the tax credit for rehabilitating a nonincomeproducing historic structure applies only to residential buildings.

BACKGROUND: Effective January 1, 1998, the state established a new income tax credit equal to 30% of qualifying rehabilitations of nonincome-producing historic structures, including owner-occupied personal residences. A non-income-producing building must be a "certified historic structure" listed in the National Register of Historic Places either individually or as part of a district. The rehabilitation expense must exceed \$25,000 within a 24 month period and must be for costs incurred in work upon or within a historic structure. Interior work such as HVAC work and kitchen and bathroom remodelings must be constructed according to <u>The Secretary of the Interior's Standards for Rehabilitation</u>. The State Historic Preservation Office must approve rehabilitation work on non-income-producing historic structures prior to the commencement of the work.

ASSUMPTIONS AND METHODOLOGY: Passage of SB 856 will produce a General Fund savings by restricting the number of projects eligible for the nonincome-producing credit. Since the tax credit's inception in 1998, the State Historic Preservation Office has not approved any applications from nonprofits or state and local governments. However, the State Historic Preservation Office recently discussed two potential projects that would be denied under this bill. One project in the Piedmont area of the state involved a nonprofit seeking to build an art gallery, while another project in Eastern North Carolina involved a local government trying to convert an old school into a performing arts/conference facility and offices. No estimate can be made on the number of future projects that might be undertaken by nonprofits or state and local governments.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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Official

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