

1 AN ACT relating to the certified rehabilitation tax credit cap.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 171.396 is amended to read as follows:

4 As used in this section and KRS 171.3961 and 171.397:

5 (1) "Certified historic structure" means a structure that is located within the
6 Commonwealth of Kentucky that is:

7 (a) Listed individually on the National Register of Historic Places; or

8 (b) Located in a historic district listed on the National Register of Historic Places
9 and is certified by the council as contributing to the historic significance of the
10 district;

11 (2) "Certified rehabilitation" means a completed substantial rehabilitation of a certified
12 historic structure that the council certifies meets the United States Secretary of the
13 Interior's Standards for Rehabilitation;

14 (3) "Certified rehabilitation credit cap" means an annual amount of:

15 (a) Three million dollars (\$3,000,000) for applications received prior to April 30,
16 2010;~~and~~

17 (b) Five million dollars (\$5,000,000) for applications received on or after April
18 30, 2010, ***but before April 30, 2019; and***

19 ***(c) Thirty million dollars (\$30,000,000) for applications received on or after***
20 ***April 30, 2019;***

21 plus any amount added to the certified rehabilitation credit cap pursuant to KRS
22 171.397(2)(c);

23 (4) "Council" means the Kentucky Heritage Council;

24 (5) "Disqualifying work" means work that is performed within three (3) years of the
25 completion of the certified rehabilitation that, if performed as part of the
26 rehabilitation certified under KRS 171.397, would have made the rehabilitation
27 ineligible for certification;

- 1 (6) "Exempt entity" means any tax exempt organization pursuant to sec. 501(c)(3) of
2 the Internal Revenue Code, any political subdivision of the Commonwealth, any
3 state or local agency, board, or commission, or any quasi-governmental entity;
- 4 (7) "Local government" means a city, county, urban-county, charter county, or
5 consolidated local government;
- 6 (8) "Owner-occupied residential property" means a building or portion thereof,
7 condominium, or cooperative occupied by the owner as his or her principal
8 residence;
- 9 (9) "Qualified rehabilitation expense" means any amount that is properly chargeable to
10 a capital account, whether or not depreciation is allowed under Section 168 of the
11 Internal Revenue Code, and is expended in connection with the certified
12 rehabilitation of a certified historic structure. It shall include the cost of restoring
13 landscaping and fencing that contributes to the historic significance of this structure,
14 but shall not include the cost of acquisition of a certified historic structure,
15 enlargement of or additions to an existing building, or the purchase of personal
16 property;
- 17 (10) "Substantial rehabilitation" means rehabilitation of a certified historic structure for
18 which the qualified rehabilitation expenses, during a twenty-four (24) month period
19 selected by the taxpayer or exempt entity, ending with or within the taxable year,
20 exceed:
- 21 (a) Twenty thousand dollars (\$20,000) for an owner-occupied residential
22 property; or
- 23 (b) For all other property, the greater of:
- 24 1. The adjusted basis of the structure; or
- 25 2. Twenty thousand dollars (\$20,000);
- 26 (11) "Taxpayer" means any individual, corporation, limited liability company, business
27 development corporation, partnership, limited partnership, sole proprietorship,

1 association, joint stock company, receivership, trust, professional service
2 organization, or other legal entity through which business is conducted that:

3 (a) Elects to claim the credit on a return and receive a refund as provided in KRS
4 171.397(2)(b)2.a.; or

5 (b) Is the recipient of a credit which is transferred as provided in KRS
6 171.397(2)(b)2.b.; and

7 (12) "Qualified purchased historic home" means any substantially rehabilitated certified
8 historic structure if:

9 (a) The taxpayer claiming the credit authorized under KRS 171.397 is the first
10 purchaser of the structure after the date of completion of the substantial
11 rehabilitation;

12 (b) The structure or a portion thereof will be the principal residence of the
13 taxpayer; and

14 (c) No credit was allowed to the seller under this section.

15 A qualified purchased historic home shall be deemed owner-occupied residential
16 property for purposes of this section.