

404A.1 Historic preservation and cultural and entertainment district tax credit — definitions.

1. *a.* A historic preservation and cultural and entertainment district tax credit, subject to the availability of the credit, is granted against the tax imposed under chapter 422, division II, III, or V, or chapter 432, for the substantial rehabilitation of eligible property located in this state as provided in this chapter.

b. Tax credits in excess of tax liabilities shall be refunded or credited as provided in section 404A.4, subsection 3.

2. For purposes of this chapter, unless the context otherwise requires:

a. “*Eligible property*” means property for which a taxpayer may receive the historic preservation and cultural and entertainment district tax credit computed under this chapter and includes all of the following:

- (1) Property listed on the national register of historic places or eligible for such listing.
- (2) Property designated as of historic significance to a district listed in the national register of historic places or eligible for such designation.
- (3) Property or district designated a local landmark by a city or county ordinance.
- (4) A barn constructed prior to 1937.

b. “*Placed in service*” means the same as used in section 47 of the Internal Revenue Code.

c. “*Qualified rehabilitation costs*” means expenditures made for the rehabilitation of eligible property and includes qualified rehabilitation expenditures as defined in section 47 of the Internal Revenue Code.

(1) Qualified rehabilitation costs include amounts if they are properly includable in computing the basis for tax purposes of the eligible property.

(2) Amounts treated as an expense and deducted in the tax year in which they are paid or incurred and amounts that are otherwise not added to the basis for tax purposes of the eligible property are not qualified rehabilitation costs.

(3) Amounts incurred for architectural and engineering fees, site survey fees, legal expenses, insurance premiums, development fees, and other construction-related costs are qualified rehabilitation costs to the extent they are added to the basis for tax purposes of the eligible property.

(4) Costs of sidewalks, parking lots, and landscaping do not constitute qualified rehabilitation costs.

d. “*Rehabilitation period*” means the period of time during which an eligible property is rehabilitated commencing from the date on which the first qualified rehabilitation cost is incurred and ending with the end of the taxable year in which the property is placed in service. A project’s rehabilitation period may include dates that precede approval of a project under section 404A.3, but any costs incurred prior to such approval must be qualified rehabilitation costs.

e. “*Substantial rehabilitation*” means qualified rehabilitation costs that meet or exceed the following:

(1) In the case of commercial property, costs totaling at least fifty percent of the assessed value of the property, excluding the land, prior to the rehabilitation.

(2) In the case of residential property or barns, costs totaling at least twenty-five thousand dollars or twenty-five percent of the assessed value, excluding the land, prior to rehabilitation, whichever is less.

2000 Acts, ch 1194, §3, 20; 2002 Acts, ch 1003, §1, 5; 2005 Acts, ch 150, §20, 21; 2007 Acts, ch 165, §1, 9; 2011 Acts, ch 99, §1, 6; 2011 Acts, ch 130, §30, 35

Referred to in §16.188, 404A.4, 422.11D, 422.33, 422.60, 432.12A

[SP] 2011 amendments to this section apply retroactively to July 1, 2009, for projects approved and tax credits reserved on or after that date; 2011 Acts, ch 99, §6; 2011 Acts, ch 130, §35