

North Carolina

State Historic Preservation Office

Department of Cultural Resources
Office of Archives and History



Mill

Historic Preservation Tax Credits

The creation of the North Carolina Mill Rehabilitation Tax Credits, prompted by the closure of many textile, tobacco and furniture plants during the past decade, is considered a major economic development initiative. This incentive enhances the economic feasibility of reusing many of the state's former industrial sites. State tax credits are available for the rehabilitation of commercial and homeowner historic mill properties.



Exterior

Commercial Mill Tax Credit Example Tier 1 County

\$10,000,000 Rehab Expenses

20% Federal Tax Credit
x 40% State Mill Tax Credit

\$6,000,000 Tax Credit Amount



Interior

The mill rehabilitation tax credit measures provide:

Commercial historic mill structures that also qualify for the 20% federal investment tax credit:

- In development tier* one or two counties, a 40% state tax credit for the “certified rehabilitation”. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of the historic structure by 60%.
- In development tier* three counties, a 30% state tax credit for the “certified rehabilitation”. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of the historic structure by 50%.

For homeowners of historic mill structures that also qualify for the 30% state homeowner credit:

- In development tier* one or two counties, a 40% state tax credit for the “certified rehabilitation”.

The State Mill Rehabilitation Tax Credits are available *in lieu of* (as opposed to in addition to) Commercial/Homeowner State Rehabilitation Tax Credits. The rules and fee schedule are the same for all State Rehabilitation Tax Credit Programs.

*The N.C. Department of Commerce website lists the County Tier Designations:

<http://www.nccommerce.com/en/BusinessServices/SupportYourBusiness/Incentives/CountyTierDesignations2010.htm>

Eligibility Certification

The certification obtained from the State Historic Preservation Officer that the applicable facility comprises an eligible site. An eligible site is a site located in this State that satisfies all of the following conditions.

- It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.
- It is a certified historic structure or a State-certified historic structure.
- It has been at least eighty percent (80%) vacant for a period of at least two years immediately preceding the date the **Eligibility Certification** is made.

Cost Certification

The certification obtained by the State Historic Preservation Officer from the taxpayer of the amount of qualified rehabilitation expenditures or the rehabilitation expenses incurred with respect to a certified rehabilitation of an eligible site.

For income-producing projects, a taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures of at least three million dollars (\$3,000,000) with respect to a certified rehabilitation of an eligible site located in a development tier one, two or three area is allowed a credit equal to a percentage of the expenditures that qualify for the federal credit.

For non-income producing projects, a taxpayer who is not allowed a federal credit under section 47 of the Code and who makes rehabilitation expenses of at least three million dollars (\$3,000,000) with respect to a certified rehabilitation of an eligible site located in a development tier one or two area is allowed a credit equal to a percentage of the rehabilitation expenses.

This information describes the State Mill Rehabilitation tax credit program in very general terms only. Taxpayers should consult a professional tax advisor, the North Carolina Department of Revenue, or the Internal Revenue Service for help in determining the tax and other financial implications of any matter discussed here.

The rules and fee schedule are the same for all State Rehabilitation Tax Credit Programs.

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