AN ACT

AMENDING TITLE 41, CHAPTER 4.2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-882; AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1082; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1165; RELATING TO THE HISTORIC PRESERVATION TAX CREDIT.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 41, chapter 4.2, article 2, Arizona Revised Statutes, is amended by adding section 41-882, to read:

41-882. Historic preservation tax credit; definitions

A. The Arizona State Parks Board shall receive applications and evaluate and certify the substantial rehabilitation of a certified historic structure for the purpose of income tax credits under sections 43-1082 and 43-1165. The board shall establish and adopt a schedule for receiving, evaluating and approving applications twice each year for certification under this section. Sixty percent of the annual aggregate tax credit dollar limit prescribed in subsection L of this section is reserved for certification during the first application period each year of rehabilitation projects located in cities and towns with a population of less than one hundred fifty thousand persons. The remainder of the annual aggregate tax credit dollar limit may be certified in the second application period each year with respect to rehabilitation projects located anywhere in this state.

B. The board may issue an initial certification before the certified historic structure is placed in service if the rehabilitation is consistent with the standards for rehabilitation of the Secretary of the United States Department of the Interior as determined by the board. The initial certification does not entitle a taxpayer to a credit under section 43-1082 or 43-1165.

C. The board may issue a final certification for a tax credit for a rehabilitation that received an initial certification if, after the completion of the rehabilitation work, the rehabilitation of the certified historic structure that was the subject of the initial certification:

1. Is consistent with the standards for rehabilitation of the Secretary of the United States Department of the Interior as determined by the board.

2. Produces a positive economic impact for this state or the local municipality under the cost-benefit analysis required by this section.

3. Achieves the minimum number of points necessary under the rehabilitation grading system established by the board.

4. Complies with subsection D of this section.

D. The owner of the certified historic structure that is the subject of the application for certification under this section grants a restrictive covenant to the board for the holding period and agrees that alterations may not be made to the certified historic structure during the holding period:

1. That are inconsistent with the standards for rehabilitation of the Secretary of the United States Department of the Interior as determined by the board.

2. Without the board’s approval.
E. The board shall include in its final certification the amount of
the tax credit for which a rehabilitation qualifies.

F. The board shall prescribe the form of application for both the
initial and final certifications of the rehabilitation. Except for the
cost-benefit analysis required by this section, the board may rely on the
facts provided in the application without independent investigation. The
amount of the qualified rehabilitation expenses and the amount of the
credit for which a rehabilitation qualifies shall be certified by a
certified public accountant licensed in this state and filed as part of
the application for final certification. The board may authorize a
certified local government to perform the certification process required
by this section.

G. Within ninety days after receiving the application for final
certification, the board shall issue to the applicant a written
determination either denying or approving the rehabilitation and
certifying the amount of the tax credit allowable.

H. If the board becomes aware of information that is materially
inconsistent with the information provided in the application for initial
or final certification, the board may deny the request for the initial or
final certification or revoke an already-issued initial or final
certification.

I. The board shall establish and use a point system for evaluating
and grading proposed rehabilitations of certified historic structures that
are the subject of applications. The board shall award points based on
positive job growth, significant positive economic impact and community
support of the rehabilitation proposal.

J. The Arizona Commerce Authority shall conduct a cost-benefit
analysis of the rehabilitation of the certified historic structure that is
the subject of an application. The board may not issue a final
certification unless the authority determines as a result of its analysis
that the proposed rehabilitation will produce a positive economic impact
for this state or a local municipality once the certified historic
structure is in use.

K. The board shall charge a fee of two and one-fourth percent of
the qualified rehabilitation expenses for each application. The board
shall use the monies for the costs of implementing and administering the
application and certification process prescribed in this section. The
fees received by the board under this subsection do not revert to the
state general fund.

L. The board may certify substantial rehabilitations of certified
historic structures for the purpose of tax credits under sections 43-1082
and 43-1165 in a combined annual aggregate amount of $15,000,000 for
taxable years beginning from and after December 31, 2022. For taxable
years beginning from and after December 31, 2032, the board may certify an
ADDITIONAL COMBINED ANNUAL AGGREGATE AMOUNT OF UP TO $15,000,000 FOR THE
TAX CREDITS UNDER SECTIONS 43-1082 AND 43-1165.

M. TO THE EXTENT NOT OTHERWISE PROHIBITED BY LAW, THE BOARD SHALL
PROVIDE TO THE DEPARTMENT OF REVENUE INFORMATION THE DEPARTMENT REQUESTS
TO DETERMINE A CLAIMANT'S ELIGIBILITY FOR A TAX CREDIT CLAIMED UNDER
SECTION 43-1082 OR 43-1165.

N. FOR THE PURPOSES OF THIS SECTION:
1. "BOARD" MEANS THE ARIZONA STATE PARKS BOARD ESTABLISHED BY
SECTION 41-511.

2. "CERTIFIED HISTORIC STRUCTURE" MEANS A PROPERTY THAT IS LOCATED
IN THIS STATE AND IS EITHER:
   (a) LISTED INDIVIDUALLY IN THE NATIONAL REGISTER OF HISTORIC
   PLACES.
   (b) LISTED INDIVIDUALLY IN THE ARIZONA REGISTER OF HISTORIC PLACES.
   (c) LOCATED IN A REGISTERED HISTORIC DISTRICT AND CERTIFIED BY
   EITHER THE BOARD OR THE SECRETARY OF THE UNITED STATES DEPARTMENT OF THE
   INTERIOR AS BEING OF HISTORIC SIGNIFICANCE TO THE DISTRICT.

3. "CERTIFIED LOCAL GOVERNMENT" MEANS A LOCAL GOVERNMENT THAT IS
CERTIFIED BY THE BOARD AS HAVING THE CAPACITY TO ADMINISTER PRESERVATION
PROGRAMS, INCLUDING THE CERTIFICATION PROCESS REQUIRED BY THIS SECTION.

4. "HOLDING PERIOD" MEANS TWENTY-FOUR MONTHS AFTER THE BOARD ISSUES
A FINAL CERTIFICATION UNDER THIS SECTION OR, IF THE REHABILITATION IS TO
BE COMPLETED IN PHASES, TWENTY-FOUR MONTHS AFTER THE FINAL CERTIFICATION
OF THE FINAL PHASE OF THE REHABILITATION.

5. "PLACED IN SERVICE" MEANS THAT THE REHABILITATION WORK HAS BEEN
SUBSTANTIALLY COMPLETED TO ALLOW FOR THE OCCUPANCY OF THE STRUCTURE OR AN
IDENTIFIABLE PART OF THE STRUCTURE, OR THE OWNER HAS BEGUN DEPRECIATING
THE QUALIFIED REHABILITATION EXPENSES, WHICHEVER OCCURS FIRST.

6. "PRINCIPAL RESIDENCE" MEANS A PRINCIPAL RESIDENCE AS PRESCRIBED
IN SECTION 121 OF THE INTERNAL REVENUE CODE.

7. "QUALIFIED REHABILITATION EXPENSE":
   (a) MEANS MONIES THAT ARE SPENT IN THE REHABILITATION OF A
   CERTIFIED HISTORIC STRUCTURE PROPERLY CAPITALIZED TO THE BUILDING AND THAT
   ARE SPENT WITH RESPECT TO PROPERTY THAT IS EITHER:
       (i) DEPRECIABLE UNDER THE INTERNAL REVENUE CODE.
       (ii) HELD FOR SALE BY THE OWNER, OTHER THAN THE PRINCIPAL RESIDENCE
            OF THE OWNER.
   (b) EXCEPT FOR NONPROFIT CORPORATIONS, DOES NOT INCLUDE MONIES THAT
       ARE SPENT FROM DIRECT GRANTS FROM FEDERAL, STATE OR LOCAL AGENCIES OR
       INSTRUMENTALITIES.

8. "REGISTERED HISTORIC DISTRICT" MEANS ANY DISTRICT LISTED IN THE
NATIONAL REGISTER OF HISTORIC PLACES OR ARIZONA REGISTER OF HISTORIC
PLACES.
9. "SUBSTANTIAL REHABILITATION" MEANS THAT, WITH REGARD TO A CERTIFIED HISTORIC STRUCTURE, THE QUALIFIED REHABILITATION EXPENSES OF THE CERTIFIED HISTORIC STRUCTURE DURING A TWENTY-FOUR-MONTH PERIOD, OR A SIXTY-MONTH PERIOD IF THE REHABILITATION IS TO BE DONE IN PHASES SET FORTH IN ARCHITECTURAL PLANS AND SPECIFICATIONS THAT ARE COMPLETED BEFORE THE REHABILITATION BEGINS, CHOSEN BY THE TAXPAYER ENDING WITH OR WITHIN THE TAXABLE YEAR EXCEED FIFTY PERCENT OF THE ADJUSTED BASIS IN THE CERTIFIED HISTORIC STRUCTURE AND ITS STRUCTURAL COMPONENTS.

Sec. 2. Section 43-222, Arizona Revised Statutes, is amended to read:

43-222. Income tax credit review schedule

The joint legislative income tax credit review committee shall review the following income tax credits:

1. For years ending in 0 and 5, sections 43-1079.01, 43-1088, 43-1089.04, 43-1167.01 and 43-1175.
2. For years ending in 1 and 6, sections 43-1072.02, 43-1074.02, 43-1075, 43-1076.01, 43-1077, 43-1078, 43-1083, 43-1083.02, 43-1162, 43-1164.03 and 43-1183.
3. For years ending in 2 and 7, sections 43-1073, 43-1082, 43-1085, 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1089.03, 43-1164, 43-1165, 43-1169 and 43-1181.
4. For years ending in 3 and 8, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and 43-1178.
5. For years ending in 4 and 9, sections 43-1073.01, 43-1076, 43-1081.01, 43-1083.03, 43-1084, 43-1164.04, 43-1164.05 and 43-1184.

Sec. 3. Title 43, chapter 10, article 5, Arizona Revised Statutes, is amended by adding section 43-1082, to read:

43-1082. Credit for historic preservation; definitions


B. THE AMOUNT OF THE CREDIT IS EQUAL TO TWENTY PERCENT OF THE QUALIFIED REHABILITATION EXPENSES.

C. THE CREDIT IS ALLOWED FOR THE TAXABLE YEAR THAT THE CERTIFIED HISTORIC STRUCTURE OR IDENTIFIABLE PORTION OF THE HISTORIC STRUCTURE THAT MEETS THE SUBSTANTIAL REHABILITATION TEST IS PLACED IN SERVICE.

D. TO CLAIM A CREDIT, AN APPLICANT SHALL APPLY TO THE BOARD FOR BOTH OF THE FOLLOWING:

1. AN INITIAL CERTIFICATION ISSUED BY THE BOARD UNDER SECTION 41-882 BEFORE THE CERTIFIED HISTORIC STRUCTURE IS PLACED IN SERVICE.
2. A final certification issued by the board under section 41-882 after completion of the rehabilitation work. The final certification shall include the amount of the tax credit for which the rehabilitation qualifies.

E. The final certification shall be attached to any filed return that claims a tax credit under this section.

F. The substantial rehabilitation of a historic structure that is exempt from real property tax is ineligible for a tax credit under this section. If an already-certified rehabilitation of a historic structure under section 41-882 becomes exempt from real property tax within twenty-four months after final certification by the board, the claimant's tax liability for the year that the certified historic structure becomes exempt is increased by the total amount of the credit actually used.

G. The department may request information from the board for the purpose of determining a claimant's eligibility for credits claimed, and the board shall provide the requested information to the extent allowed by law.

H. If the allowable tax credit exceeds taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the amount of the claim not used to offset the taxes under this title may be carried forward to the next ten consecutive taxable years as a credit against subsequent years' income tax liability.

I. Co-owners of a business, including partners in a partnership and shareholders of an S corporation as defined in section 1361 of the internal revenue code, may each claim only the pro rata share of credit allowed under this section based on ownership interest or the share of credit allowed pursuant to an executed agreement among the owners, partners or shareholders documenting an alternate distribution method without regard to the sharing of other tax or economic attributes of the business. The total of the credits allowed all the owners, partners or shareholders may not exceed the amount that would have been allowed a sole owner.

J. An applicant who does not claim the credits allowed under this section, in whole or in part, may assign, transfer or sell the tax credits to any person, including condominium owners if the certified historic structure is converted into condominiums. The assignee, transferee or buyer of the tax credits may use the acquired credits against the tax imposed by this title and may carry forward the tax credits for ten consecutive taxable years after the date the certified historic structure is placed in service. The assignor, transferrer or seller shall notify the department in writing within thirty days after an assignment, transfer or sale under this subsection and shall provide the department with any information required by the department.
K. THE PROCEEDS OF ANY SALE, TRANSFER OR ASSIGNMENT OF TAX CREDITS RECEIVED BY THE APPLICANT UNDER THIS SECTION ARE EXEMPT FROM THIS TITLE. IF A TAX CREDIT IS SUBSEQUENTLY RECAPTURED, REVOKED OR ADJUSTED, THE SELLER'S, TRANSFEROR'S OR ASSIGNS TAXABLE INCOME SHALL BE INCREASED BY THE TOTAL AMOUNT OF THE SALE, TRANSFER OR ASSIGNMENT PROCEEDS IN THE TAXABLE YEAR OF THE RECAPTURE, REVOCATION OR ADJUSTMENT.

L. A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION MAY NOT CLAIM A CREDIT UNDER SECTION 43-1165.

M. FOR THE PURPOSES OF THIS SECTION:
1. "BOARD" MEANS THE ARIZONA STATE PARKS BOARD ESTABLISHED BY SECTION 41-511.
2. "CERTIFIED HISTORIC STRUCTURE" MEANS A PROPERTY THAT IS LOCATED IN THIS STATE AND IS EITHER:
   (a) LISTED INDIVIDUALLY IN THE NATIONAL REGISTER OF HISTORIC PLACES.
   (b) LISTED INDIVIDUALLY IN THE ARIZONA REGISTER OF HISTORIC PLACES.
   (c) LOCATED IN A REGISTERED HISTORIC DISTRICT AND CERTIFIED BY EITHER THE BOARD OR THE SECRETARY OF THE UNITED STATES DEPARTMENT OF THE INTERIOR AS BEING OF HISTORIC SIGNIFICANCE TO THE DISTRICT.
3. "PLACED IN SERVICE" MEANS THAT THE REHABILITATION WORK HAS BEEN SUBSTANTIALLY COMPLETED TO ALLOW FOR THE OCCUPANCY OF THE STRUCTURE OR AN IDENTIFIABLE PART OF THE STRUCTURE, OR THE OWNER HAS BEGUN DEPRECIATING THE QUALIFIED REHABILITATION EXPENSES, WHICHEVER OCCURS FIRST.
4. "PRINCIPAL RESIDENCE" MEANS A PRINCIPAL RESIDENCE AS PRESCRIBED IN SECTION 121 OF THE INTERNAL REVENUE CODE.
5. "QUALIFIED REHABILITATION EXPENSE":
   (a) MEANS MONIES THAT ARE SPENT IN THE REHABILITATION OF A CERTIFIED HISTORIC STRUCTURE PROPERLY CAPITALIZED TO THE BUILDING AND THAT ARE SPENT WITH RESPECT TO PROPERTY THAT IS EITHER:
      (i) DEPRECIABLE UNDER THE INTERNAL REVENUE CODE.
      (ii) HELD FOR SALE BY THE OWNER, OTHER THAN THE PRINCIPAL RESIDENCE OF THE OWNER.
   (b) EXCEPT FOR NONPROFIT CORPORATIONS, DOES NOT INCLUDE MONIES THAT ARE SPENT FROM DIRECT GRANTS FROM FEDERAL, STATE OR LOCAL AGENCIES OR INSTRUMENTALITIES.
6. "REGISTERED HISTORIC DISTRICT" MEANS ANY DISTRICT LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES OR ARIZONA REGISTER OF HISTORIC PLACES.
7. "SUBSTANTIAL REHABILITATION" MEANS THAT, WITH REGARD TO A CERTIFIED HISTORIC STRUCTURE, THE QUALIFIED REHABILITATION EXPENSES OF THE CERTIFIED HISTORIC STRUCTURE DURING A TWENTY-FOUR-MONTH PERIOD, OR A SIXTY-MONTH PERIOD IF THE REHABILITATION IS TO BE DONE IN PHASES SET FORTH IN ARCHITECTURAL PLANS AND SPECIFICATIONS THAT ARE COMPLETED BEFORE THE REHABILITATION BEGINS, CHOSEN BY THE TAXPAYER ENDING WITH OR WITHIN THE
TAXABLE YEAR EXCEED FIFTY PERCENT OF THE ADJUSTED BASIS IN THE CERTIFIED
HISTORIC STRUCTURE AND ITS STRUCTURAL COMPONENTS.

Sec. 4. Title 43, chapter 11, article 6, Arizona Revised Statutes,
is amended by adding section 43-1165, to read:

43-1165. Credit for historic preservation; definitions

A. For taxable years beginning from and after December 31, 2022
through December 31, 2032, a credit is allowed against the taxes imposed
by this title for qualified rehabilitation expenses for the substantial
rehabilitation of a certified historic structure only if the taxpayer has
a final certification from the Arizona State Parks Board issued under
section 41-882.

B. The amount of the credit is equal to twenty percent of the
qualified rehabilitation expenses.

C. The credit is allowed for the taxable year that the certified
historic structure or identifiable portion of the historic structure that
meets the substantial rehabilitation test is placed in service.

D. To claim a credit, an applicant shall apply to the board for
both of the following:

1. An initial certification issued by the board under section
41-882 before the certified historic structure is placed in service.

2. A final certification issued by the board under section 41-882
after completion of the rehabilitation work. The final certification
shall include the amount of the tax credit for which the rehabilitation
qualifies.

E. The final certification shall be attached to any filed return
that claims a credit under this section.

F. The substantial rehabilitation of a historic structure that is
exempt from real property tax is ineligible for a tax credit under this
section. If an already-certified rehabilitation of a historic structure
under section 41-882 becomes exempt from real property tax within
twenty-four months after final certification by the board, the claimant's
tax liability for the year that the certified historic structure becomes
exempt is increased by the total amount of the credit actually used.

G. The department may request information from the board for the
purpose of determining a claimant's eligibility for credits claimed, and
the board shall provide the requested information to the extent allowed by
law.

H. If the allowable tax credit exceeds taxes otherwise due under
this title on the claimant's income, or if there are no taxes due under
this title, the amount of the claim not used to offset the taxes under
this title may be carried forward to the next ten consecutive taxable
years as a credit against subsequent years' income tax liability.

I. Co-owners of a business, including corporate partners in a
partnership and members of a limited liability company, may each claim
only the pro rata share of credit allowed under this section based on
OWNERSHIP INTEREST OR THE SHARE OF CREDIT ALLOWED PURSUANT TO AN EXECUTED
AGREEMENT AMONG THE OWNERS, PARTNERS OR MEMBERS DOCUMENTING AN ALTERNATE
DISTRIBUTION METHOD WITHOUT REGARD TO THE SHARING OF OTHER TAX OR ECONOMIC
ATTRIBUTES OF THE BUSINESS. THE TOTAL OF THE CREDITS ALLOWED ALL THE
OWNERS, PARTNERS OR MEMBERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
ALLOWED A SOLE OWNER.

J. AN APPLICANT THAT DOES NOT CLAIM THE CREDITS ALLOWED UNDER THIS
SECTION, IN WHOLE OR IN PART, MAY ASSIGN, TRANSFER OR SELL THE TAX CREDITS
TO ANY PERSON, INCLUDING CONDOMINIUM OWNERS IF THE CERTIFIED HISTORIC
STRUCTURE IS CONVERTED INTO CONDOMINIUMS. THE ASSIGNEE, TRANSFEREE OR
BUYER OF THE TAX CREDITS MAY USE THE ACQUIRED CREDITS AGAINST THE TAX
IMPOSED BY THIS TITLE AND MAY CARRY FORWARD THE TAX CREDITS FOR TEN
CONSECUTIVE TAXABLE YEARS AFTER THE DATE THE CERTIFIED HISTORIC STRUCTURE
IS PLACED IN SERVICE. THE ASSIGNOR, TRANSFEROR OR SELLER SHALL NOTIFY THE
DEPARTMENT IN WRITING WITHIN THIRTY DAYS AFTER AN ASSIGNMENT, TRANSFER OR
SALE UNDER THIS SUBSECTION AND SHALL PROVIDE THE DEPARTMENT WITH ANY
INFORMATION REQUIRED BY THE DEPARTMENT.

K. THE PROCEEDS OF ANY SALE, TRANSFER OR ASSIGNMENT OF TAX CREDITS
RECEIVED BY THE APPLICANT UNDER THIS SECTION ARE EXEMPT FROM THIS
TITLE. IF A TAX CREDIT IS SUBSEQUENTLY RECAPTURED, REVOKED OR ADJUSTED,
THE SELLER'S, TRANSFEROR'S OR ASSIGNOR'S TAXABLE INCOME SHALL BE INCREASED
BY THE TOTAL AMOUNT OF THE SALE, TRANSFER OR ASSIGNMENT PROCEEDS IN THE
TAXABLE YEAR OF THE RECAPTURE, REVOCATION OR ADJUSTMENT.

L. A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION MAY NOT CLAIM
A CREDIT UNDER SECTION 43-1082.

M. FOR THE PURPOSES OF THIS SECTION:
1. "BOARD" MEANS THE ARIZONA STATE PARKS BOARD ESTABLISHED BY
SECTION 41-511.
2. "CERTIFIED HISTORIC STRUCTURE" MEANS A PROPERTY THAT IS LOCATED
IN THIS STATE AND IS EITHER:
   (a) LISTED INDIVIDUALLY IN THE NATIONAL REGISTER OF HISTORIC
   PLACES.
   (b) LISTED INDIVIDUALLY IN THE ARIZONA REGISTER OF HISTORIC PLACES.
   (c) LOCATED IN A REGISTERED HISTORIC DISTRICT AND CERTIFIED BY
      EITHER THE BOARD OR THE SECRETARY OF THE UNITED STATES DEPARTMENT OF THE
      INTERIOR AS BEING OF HISTORIC SIGNIFICANCE TO THE DISTRICT.
3. "PLACED IN SERVICE" MEANS THAT THE REHABILITATION WORK HAS BEEN
SUBSTANTIALLY COMPLETED TO ALLOW FOR THE OCCUPANCY OF THE STRUCTURE OR AN
IDENTIFIABLE PART OF THE STRUCTURE, OR THE OWNER HAS BEGUN DEPRECIATING
THE QUALIFIED REHABILITATION EXPENSES, WHICHEVER OCCURS FIRST.
4. "PRINCIPAL RESIDENCE" MEANS A PRINCIPAL RESIDENCE AS PRESCRIBED
IN SECTION 121 OF THE INTERNAL REVENUE CODE.
5. "QUALIFIED REHABILITATION EXPENSE":
(a) MEANS MONIES SPENT IN THE REHABILITATION OF A CERTIFIED HISTORIC STRUCTURE PROPERLY CAPITALIZED TO THE BUILDING AND THAT ARE SPENT WITH RESPECT TO PROPERTY THAT IS EITHER:
   (i) DEPRECIABLE UNDER THE INTERNAL REVENUE CODE.
   (ii) HELD FOR SALE BY THE OWNER, OTHER THAN THE PRINCIPAL RESIDENCE OF THE OWNER.
(b) EXCEPT FOR NONPROFIT CORPORATIONS, DOES NOT INCLUDE MONIES THAT ARE SPENT FROM DIRECT GRANTS FROM FEDERAL, STATE OR LOCAL AGENCIES OR INSTRUMENTALITIES.
6. "REGISTERED HISTORIC DISTRICT" MEANS ANY DISTRICT LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES OR ARIZONA REGISTER OF HISTORIC PLACES.
7. "SUBSTANTIAL REHABILITATION" MEANS THAT, WITH REGARD TO A CERTIFIED HISTORIC STRUCTURE, THE QUALIFIED REHABILITATION EXPENSES OF THE CERTIFIED HISTORIC STRUCTURE DURING A TWENTY-FOUR-MONTH PERIOD, OR A SIXTY-MONTH PERIOD IF THE REHABILITATION IS TO BE DONE IN PHASES SET FORTH IN ARCHITECTURAL PLANS AND SPECIFICATIONS THAT ARE COMPLETED BEFORE THE REHABILITATION BEGINS, CHOSEN BY THE TAXPAYER ENDING WITH OR WITHIN THE TAXABLE YEAR EXCEED FIFTY PERCENT OF THE ADJUSTED BASIS IN THE CERTIFIED HISTORIC STRUCTURE AND ITS STRUCTURAL COMPONENTS.

Sec. 5. Purpose
Pursuant to section 43-223, Arizona Revised Statutes, the legislature enacts sections 43-1082 and 43-1165, Arizona Revised Statutes, to create economic incentives for the purpose of stimulating the redevelopment and reuse of historic structures in this state.