

§ 1400G. Renewal community business defined

For purposes of this subchapter, the term “renewal community business” means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397C if references to renewal communities were substituted for references to empowerment zones in such section.

(Added Pub. L. 106-554, §1(a)(7) [title I, §101(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-596.)

PART III—ADDITIONAL INCENTIVES

Sec.

1400H.	Renewal community employment credit.
1400I.	Commercial revitalization deduction.
1400J.	Increase in expensing under section 179.

§ 1400H. Renewal community employment credit**(a) In general**

Subject to the modification in subsection (b), a renewal community shall be treated as an empowerment zone for purposes of section 1396 with respect to wages paid or incurred after December 31, 2001.

(b) Modification

In applying section 1396 with respect to renewal communities—

- (1) the applicable percentage shall be 15 percent, and
- (2) subsection (c) thereof shall be applied by substituting “\$10,000” for “\$15,000” each place it appears.

(Added Pub. L. 106-554, §1(a)(7) [title I, §101(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-596.)

§ 1400I. Commercial revitalization deduction**(a) General rule**

At the election of the taxpayer, either—

- (1) one-half of any qualified revitalization expenditures chargeable to capital account with respect to any qualified revitalization building shall be allowable as a deduction for the taxable year in which the building is placed in service, or
- (2) a deduction for all such expenditures shall be allowable ratably over the 120-month period beginning with the month in which the building is placed in service.

(b) Qualified revitalization buildings and expenditures

For purposes of this section—

(1) Qualified revitalization building

The term “qualified revitalization building” means any building (and its structural components) if—

- (A) the building is placed in service by the taxpayer in a renewal community and the original use of the building begins with the taxpayer, or
- (B) in the case of such building not described in subparagraph (A), such building—
 - (i) is substantially rehabilitated (within the meaning of section 47(c)(1)(C)) by the taxpayer, and
 - (ii) is placed in service by the taxpayer after the rehabilitation in a renewal community.

(2) Qualified revitalization expenditure**(A) In general**

The term “qualified revitalization expenditure” means any amount properly chargeable to capital account for property for which depreciation is allowable under section 168 (without regard to this section) and which is—

- (i) nonresidential real property (as defined in section 168(e)), or
- (ii) section 1250 property (as defined in section 1250(c)) which is functionally related and subordinate to property described in clause (i).

(B) Certain expenditures not included**(i) Acquisition cost**

In the case of a building described in paragraph (1)(B), the cost of acquiring the building or interest therein shall be treated as a qualified revitalization expenditure only to the extent that such cost does not exceed 30 percent of the aggregate qualified revitalization expenditures (determined without regard to such cost) with respect to such building.

(ii) Credits

The term “qualified revitalization expenditure” does not include any expenditure which the taxpayer may take into account in computing any credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

(c) Dollar limitation

The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building shall not exceed the lesser of—

- (1) \$10,000,000, or
- (2) the commercial revitalization expenditure amount allocated to such building under this section by the commercial revitalization agency for the State in which the building is located.

(d) Commercial revitalization expenditure amount**(1) In general**

The aggregate commercial revitalization expenditure amount which a commercial revitalization agency may allocate for any calendar year is the amount of the State commercial revitalization expenditure ceiling determined under this paragraph for such calendar year for such agency.

(2) State commercial revitalization expenditure ceiling

The State commercial revitalization expenditure ceiling applicable to any State—

- (A) for each calendar year after 2001 and before 2010 is \$12,000,000 for each renewal community in the State, and
- (B) for each calendar year thereafter is zero.

(3) Commercial revitalization agency

For purposes of this section, the term “commercial revitalization agency” means any