

HOUSE No. 00766

The Commonwealth of Massachusetts

PRESENTED BY:

Stephen Kulik

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to historic residential tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Denise Andrews</i>	<i>2nd Franklin</i>
<i>Cory Atkins</i>	<i>14th Middlesex</i>
<i>Christine E. Canavan</i>	<i>10th Plymouth</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Anne M. Gobi</i>	<i>5th Worcester</i>
<i>John D. Keenan</i>	<i>7th Essex</i>
<i>Angelo J. Puppolo, Jr.</i>	<i>12th Hampden</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Ellen Story</i>	<i>3rd Hampshire</i>

HOUSE No. 00766

By Mr. Stephen Kulik of Worthington, petition (accompanied by bill, House, No. 00766) of Ellen Story and others for legislation to provide for an income tax credit for the rehabilitation of residential historic properties. Joint Committee on Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
□ HOUSE
□ , NO. 2812 OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to historic residential tax credit.

□.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The purpose of this section is to encourage rehabilitation of residential
2 properties that have historic merit by providing an income tax credit for their rehabilitation.

3 SECTION 2. Chapter 62 of the General Laws is hereby amended by adding the following
4 section:-

5 Section 65. Massachusetts historic residential rehabilitation tax credit

6 (a) For purposes of this section, the following terms shall have the following meanings:

7 "Certified rehabilitation", a rehabilitation of a qualified historic residence that has been
8 approved and certified by the state secretary as being consistent with the standards established by
9 the secretary of the United States Department of the Interior for rehabilitation of historic
10 properties and in accordance with guidelines and regulations promulgated by the commission.

11 "Commission", the Massachusetts historical commission created in section 26-27C of chapter 9.

12 "First user", the first person to occupy a historic residence following the completion of a certified
13 rehabilitation. In order to be eligible, the first user must be the owner of the historic residence at
14 the time the tax credit is claimed.

15 "Historic residence", an owner-occupied residential structure or unit and any associated
16 outbuildings located within the commonwealth which are owned, in whole or in part, by the
17 taxpayer and which are not of a character subject to federal depreciation allowance pursuant to
18 26 U.S.C. § 167 or § 168 and is:

19 (i) listed individually in the national or state registers of historic places; or

20 (ii) located in a district listed in the national or state register of historic places and certified by the
21 commission as contributing to the historic character of that district.

22 "Historic residential rehabilitation tax credit", a credit allowed against state income tax for
23 certified rehabilitation of property pursuant to paragraph (b).

24 "Secretary", Secretary of the Commonwealth and Chairman of the Massachusetts Historical
25 Commission.

26 "Taxpayer", an individual, firm, partnership, trust, estate, limited liability company, S
27 corporation or other entity or their members subject to income tax imposed by this chapter.

28 (b) (1) Any taxpayer who files a state income tax return and owns and occupies a historic
29 residence may claim an income tax credit of up to 20 per cent of certified rehabilitation costs.

30 (2) In order to qualify for an historic residential rehabilitation tax credit under this section, an
31 owner of an historic residence shall:

32 (i) make a preliminary application for certification of rehabilitation costs to the commission,
33 which shall authorize the commission to access the historic residence for inspection at reasonable
34 times to ensure that the rehabilitation complies with guidelines as established by the commission;
35 and

36 (ii) notify the commission upon completion of the rehabilitation, at which time the commission
37 shall determine whether the rehabilitation complies with the commission guidelines established
38 pursuant to this section. At that time, the owner will provide the commission with documentation
39 of the work performed and certify the costs incurred in the rehabilitation.

40 (3) If the commission approves the rehabilitation as a certified rehabilitation, the commission
41 shall certify to the owner, in writing, that the rehabilitation complies with commission guidelines
42 and state the total amount of the historic residential rehabilitation tax credit based upon the
43 owner's certification of costs. This certificate shall be filed by the owner with the owner's state
44 income tax return when requesting the income tax credit.

45 (4) The commission shall establish a minimum dollar amount above which an owner must spend
46 in order to qualify for an historic residential rehabilitation tax credit.

47 (c) An historic residential rehabilitation tax credit shall be allocated as follows:

48 (1) An income tax credit shall be taken in the year that the certified rehabilitation work is
49 completed. First users shall take the tax credit during the calendar year in which the property
50 was purchased. Unused portions of the income tax credit may be carried forward to succeeding
51 years by the owner who received the income tax credit, including any portion of the credit not
52 allowed in a given tax year by paragraph (c)(2).

53 (2) The maximum income tax credit which may be taken in a single tax year shall not exceed
54 \$500 in years 2008-2013, inclusive; \$1,000 in years 2014-2019, inclusive; and \$2,000 in 2020
55 and thereafter.

56 (3) An historic residential rehabilitation tax credit may be claimed by the owner-occupant of the
57 historic residence. Alternatively, the income tax credit may be claimed by the first user of the
58 rehabilitated historic residence if the first user is the owner-occupant of the historic residence. If
59 the taxpayer ceases to be the owner of the historic residence or if the property ceases to be an
60 historic residence under this section, then any unused income tax credit is forfeited.

61 (4) In the event of multiple ownership of an historic residence, an income tax credit shall only be
62 allowed to the owner who resides at the property. If the historic residence is the residence of
63 more than one of the owners, the credit shall be allowed only to those owners who actually
64 incurred the costs for rehabilitation and divided proportionally among those owners based on
65 each owner's share of the incurred costs.

66 (5) If an historic residence contains a non-depreciable owner-occupied residential unit and not
67 more than two depreciable units also owned by the building's owner-occupant, the full value of
68 the historic residential rehabilitation tax credit will be allowed for rehabilitation costs incurred on
69 the entire building. If an historic building contains both non-depreciable owner-occupied

70 residential units and three or more rental units, those rehabilitation costs reasonably associated
71 with the owner occupied units which are historic residences may be used to claim a historic
72 residential rehabilitation tax credit.

73 (d) The department of revenue, in consultation with the commission, shall promulgate
74 regulations and forms necessary or desirable to implement this section. The commission may
75 establish a schedule of fees for the processing and review of historic residential rehabilitation tax
76 credit applications. The department of revenue shall develop the certification form used to file
77 for state income tax credit and the state income tax forms used to calculate and claim the historic
78 residential rehabilitation tax credit.