

An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 27 MRSA §511, sub-§1, as enacted by PL 2007, c. 539, Pt. WW, §1, is amended to read:

1. Program. The director shall administer, in consultation with the Department of Administrative and Financial Services, Bureau of Revenue Services, a program in support of state rehabilitation tax credits for income-producing historic structures pursuant to Title 36, section 5219-BB and historic homes pursuant to Title 36, section 5219-AAA.

Sec. 2. 27 MRSA §511, sub-§2-A is enacted to read:

2-A. Certification for the rehabilitation and weatherization of historic homes. The director shall certify information necessary for applicants to demonstrate eligibility for an income tax credit under Title 36, section 5219-AAA, in accordance with this subsection.

A. As used in this subsection the following terms have the following meanings.

(1) "Certified exterior rehabilitation expenditures" has the same meaning as in Title 36, section 5219-AAA, subsection 1, paragraph A.

(2) "Certified historic home" has the same meaning as in Title 36, section 5219-AAA, subsection 1, paragraph B.

(3) "Qualified exterior rehabilitation expenditure" has the same meaning as in Title 36, section 5219-AAA, subsection 1, paragraph D.

B. The director may require the following information:

(1) The certified exterior rehabilitation of a certified historic home is consistent with subsection 2, paragraph A;

(2) The qualified exterior rehabilitation expenditures meet the requirements for an income tax credit under Title 36, section 5219-AAA; and

(3) Any one of the following criteria apply to the certified historic home. The certified historic home is:

(a) A building individually listed in or determined to be eligible for listing in the National Register of Historic Places;

(b) Classified as contributing to a ~~local~~ historic district listed in or eligible for listing in the National Register of Historic Places;

(c) Designated as a local landmark or a contributing resource into a local historic district that has been ~~listed-certified by in~~ the National ~~Register of Historic Places~~ Park Service; and/or

(d) Designated as a local landmark or contributing to a local historic district that substantially meets the National Register of Historic Places criteria as determined by the director.

(4) The eligibility of any dwelling previously determined eligible for listing in the Register will be reconfirmed at the time of the tax credit application.

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For the purposes of credit claimed under Title 36, section 5219-AAA, buildings and districts determined to be eligible for listing in the National Register of Historic Places, as well as locally designated landmarks and districts, do not have to be nominated to the National Register of Historic Places.

The director shall adopt rules implementing this subsection. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 3. 27 MRSA §511, sub-§5, ¶B, as amended by PL 2011, c. 453, §1, is further amended to read:

B. By January 15, 2013, the Maine Historic Preservation Commission shall review the tax credit provided under Title 36, section 5219-BB and shall make recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding specific proposals for funding the credit. By January 15, ~~2015~~ 2025 and every 52 years thereafter, the Maine Historic Preservation Commission shall analyze the use of tax credits provided under Title 36, ~~section~~ sections 5219-BB and 5219-AAA as an incentive for rehabilitation of historic structures, ~~and~~ economic development, ~~and the creation of new housing at the time of project completion~~ analyze tax and other revenues generated by the rehabilitation to determine in relation to the ~~cost~~ costs of the ~~credit~~ credits if they exceed the costs of the ~~credit~~ credits and report the results of its analysis to the joint standing committees of the Legislature having jurisdiction over taxation, ~~housing or economic development~~ matters with recommendations as to whether the credits under Title 36, ~~section~~ sections 5219-BB and 5219-AAA should be extended, repealed or amended. The recommendations must include specific proposals for funding the ~~credit~~ credits after fiscal year ~~2014-15~~ 2035 and appropriate transition provisions in order that projects in the development or planning states are not adversely affected. The joint standing committee may submit legislation related to the report.

Sec. 4. 36 MRSA §5219-BB, sub-§2, ¶B, as amended by PL 2011, c. 240, §38, is further amended to read:

B. Equal to 25% ~~30%~~ of the certified qualified rehabilitation expenditures of a taxpayer who incurs not less than \$50,000 and up to ~~\$250,000~~ \$1,000,000 in certified qualified rehabilitation expenditures in the rehabilitation of a certified historic structure located in the State and who does not claim a credit under the Code, Section 47 with regard to those expenditures. If the certified historic structure is a condominium, as defined in Title 33, section 1601-103, subsection 7, the dollar limitations of this paragraph apply to the total aggregate amount of certified qualified rehabilitation expenditures incurred by the unit owners' association and all of the unit owners in the rehabilitation of that certified historic structure. The credit may be claimed for the taxable year in which the certified historic structure is placed in service.

Sec. 5. 36 MRSA §5219-BB, sub-§3, as amended by PL 2019, c. 379, Pt. C, §4, is further amended to read:

3. Increased credit for a certified affordable housing project. The credit allowed under this section subsection 2, paragraph A is increased to 30% ~~35%~~ of certified qualified rehabilitation expenditures for a certified affordable housing project and the credit allowed under subsection 2, paragraph B is increased to 45% of certified qualified rehabilitation expenditures for a certified affordable housing project. If the certified affordable housing project for which an increased credit was allowed under this subsection does not remain an affordable housing project for 30 years from the date the affordable housing project is placed in service, the owner of the property is subject to the repayment provisions of Title 30-A, section 4722, subsection 1, paragraph DD. ~~Upon notification by the Maine Historic Preservation Commission and the Maine State Housing Authority pursuant to Title 30-A, section 4722, subsection 1, paragraph DD, subparagraph (4), the State Tax Assessor shall increase the credit rate under this subsection that was in effect in the calendar year prior to the calendar year in which the notification was received by one percentage point for tax years~~

beginning in the calendar year of that notification and for any subsequent tax year. In no event may the credit rate under this subsection exceed 35% of the taxpayer's certified qualified rehabilitation expenditures.

Sec. 6. 36 MRSA §5219-AAA is enacted to read:

§5219-AAA. Credit for rehabilitation and weatherization of historic homes

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Certified exterior rehabilitation" means the exterior ~~restoration, preservation or reconstruction~~rehabilitation, including weatherization, of a certified historic home that the Director of the Maine Historic Preservation Commission certifies is consistent under Title 27, section 511, subsection 2, paragraph A.

B. "Certified historic home" means a structure located in the State that is a taxpayer's homestead, as defined in section 681, subsection 2, ~~or is used as the taxpayer's homestead within 60 days of the completion of the certified exterior rehabilitation~~, that contains up to 4 dwelling units, that has been certified by the Director of the Maine Historic Preservation Commission as a historic structure under Title 27, section 511, subsection 2 and ~~that~~ may include any ancillary buildings that contribute to the historical significance of the historic, as determined by the Director of the Maine Historic Preservation Commission.

C. "Dwelling unit" means a house or apartment used as a residence for an occupant.

D. "Qualified exterior rehabilitation expenditure" means any amount incurred by a taxpayer that is reasonably related to a certified exterior rehabilitation, as determined by the Director of the Maine Historic Preservation Commission.

E. "Residence" has the same meaning as in Title 21-A, section 112, subsection 1.

2. Credit allowed. A taxpayer is allowed a credit against the tax imposed under this Part equal to 25% of the qualified exterior rehabilitation expenditure of a taxpayer who incurs at least \$5,000 ~~and not more than \$62,500~~ in qualified exterior rehabilitation expenditures for the certified exterior rehabilitation of a certified historic home, ~~up to a maximum credit of \$62,500.00 taken per certified historic home within a five year period commencing from the first year in which a credit may be claimed. If a taxpayer does not exceed the maximum credit allowed under this section for a single certified exterior rehabilitation project, then the taxpayer may claim a credit for subsequent certified exterior rehabilitation projects, up to the maximum credit per certified historic home within said five year period.~~

3. Increased credit for certain taxpayers and the creation of new housing. The credit allowed under this section is increased to 30% of qualified exterior rehabilitation expenditures, up to a maximum credit of \$75,000 per ~~certified exterior rehabilitation of a~~ certified historic home, ~~up to a maximum credit of \$75,000 taken per certified historic home within a five year period commencing from the first year in which a credit may be claimed~~, if:

A. The taxpayer's income in the year in which the qualified exterior rehabilitation expenditures were accrued is at or below 120% of the median income for the area as defined by the United States Department of Housing and Urban Development under the United States Housing Act of 1937, Public Law 75-412, 50 Stat. 888, Section 8, as amended;

B. For a certified historic home with more than one dwelling unit, that taxpayer agrees, for a period of 4 years, to rent at least one dwelling unit to a household with income at or below 100% of the median income for the area as defined by the United States Department of Housing and Urban Development under the United States Housing Act of 1937, Public Law 75-412, 50 Stat. 888, Section 8, as amended, measured at the time of initial occupancy; and

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C. The certified historic home has not been used as a residence by tenants or property owners for the 5 years prior to the year in which the credit is first claimed.

4. **Timing of credit.** Twenty-five percent of the credit allowed under this section must be taken in the taxable year the credit may be first claimed and 25% must be taken in each of the next 3 taxable years.

5. **Credit refundable.** The credit allowed under this section is refundable.

6. **Transfer upon sale or for financing.** Upon the sale or transfer of a certified historic home, a taxpayer eligible for the credit under this section shall transfer, sell or assign to the subsequent owner the credit for the year in which the certified historic home is transferred or sold and any remaining portion of the credit for any subsequent years. A taxpayer may transfer, sell or assign any portion of the credit to a mortgagor for the purposes of securing financing for the completion of the certified exterior rehabilitation.

7. **Recapture.** The credits allowed under this section are subject to recapture if, before the final taxable year the credit can be taken:

A. Any exterior alterations are made to the certified historic home without the ~~prior~~ approval of the Director of the Maine Historic Preservation Commission ~~and are determined by the Director of the Maine Historic Preservation to be inconsistent with Title 27, section 511, subsection 2, paragraph A;~~ or

B. The certified historic home ceases to be the homestead of the taxpayer or the successor taxpayer who has been assigned credits pursuant to subsection 6.

The recapture amount under paragraph A or B is equal to the amount of credit remaining to be claimed for the taxable year in which the recapture occurred and all subsequent years. If a taxpayer claims the income tax credit increase under subsection 3, paragraph B, but fails or ceases to rent a dwelling unit to a household at or below 100% of the median income for the area as required, the entire income tax credit increase under subsection 3, paragraph B is subject to recapture.

8. **Limitation.** A taxpayer who is eligible to claim a credit under section 5219-R or 5219-BB, whether or not a credit is actually claimed, may not claim a credit under this section.

9. **Rules.** The bureau shall adopt rules implementing this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 7. Appropriations and allocations. The following appropriations and allocations are made.

HISTORIC PRESERVATION COMMISSION, MAINE

Historic Preservation Commission 0036

Initiative: Provides ongoing funds for 2 Historic Preservationist Coordinator positions and related All Other costs to implement the certification obligations of the Director of the Maine Historic Preservation Commission under the Maine Revised Statutes, Title 27, section 511 for the expanded small project credit under Title 36, section 5219-BB and the new tax credit for the rehabilitation and weatherization of historic homes under Title 36, section 5219-AAA. ~~One-Both~~ positions begins October 1, 2023, ~~and one position begins July 1, 2024.~~

GENERAL FUND	2023-24	2024-25
POSITIONS - LEGISLATIVE COUNT	2 .000	2.000
Personal Services	\$207,994 \$73,780	\$207,994
All Other	\$18,000 \$6,750	\$18,000
GENERAL FUND TOTAL	\$80,530	\$225,994

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SUMMARY

This bill amends the tax credit for historic properties by:

1. Increasing the tax credit from 25% to 30% of the certified qualified rehabilitation expenditures of a taxpayer for a certified historic structure if the taxpayer does not claim a credit under the United States Internal Revenue Code of 1986, Section 47;
2. Increasing the allowable certified qualified rehabilitation expenditures of a taxpayer from a maximum of \$250,000 to a maximum of \$1,000,000 for a certified historic structure if the taxpayer does not claim a credit under the Code, Section 47;
3. Increasing the increased tax credit for a certified affordable housing project from 30% to 35% of certified qualified rehabilitation expenditures for which a credit is claimed under the Code, Section 47; and
4. Increasing the increased tax credit for a certified affordable housing project from 30% to 45% of certified qualified rehabilitation expenditures if the taxpayer does not claim a credit under the Code, Section 47.

The bill establishes a credit for rehabilitation and weatherization of historic homes equal to 25% of the qualified exterior rehabilitation expenditures of a taxpayer who incurs at least \$5,000 in expenditures for a certified historic home. It also provides for an increased credit of 30% of expenditures up to \$75,000 under certain circumstances. It requires the Director of the Maine Historic Preservation Commission to determine whether a taxpayer meets the requirements to receive the credit.

The bill adds the credit for rehabilitation and weatherization of historic homes to the biennial report that the Maine Historic Preservation Commission provides to the Legislature.

Tara Kelly
Maine Preservation
LD 1810

Please the proposed amendment for LD1810 from Maine Preservation and Greater
Portland Landmarks