

# SENATE . . . . . No. 1260

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## The Commonwealth of Massachusetts

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In the Year Two Thousand Nine  
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An Act Establishing the Gateway Cities Historical Residential Rehabilitation 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. Chapter 62 of the General Laws, as appearing in the 2006 Official Edition,  
2 is hereby amended by inserting after section 6J the following section:

3           Section 6J ½. Gateway Cities Historic Residential Rehabilitation Tax Credit

4           Section 6J ½. (a) The purpose of this section is to encourage rehabilitation of residential  
5 properties in Gateway Cities that have historic merit by providing income tax credit for the  
6 rehabilitation of historic residences.

7           (b) For purposes of this section, the following terms shall have the following meanings:

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

"Commission," the Massachusetts Historical Commission created pursuant to Chapter 9 sections 26-27C.

"Gateway Cities" as defined by the Department of Housing and Community Development, the cities of Barnstable, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Pittsfield, Revere, Salem, Springfield, Taunton, Westfield and Worcester.

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

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

(i) Located in a Gateway City.

(ii) Listed individually in the National or State Registers of Historic Places or located in a district listed in the National or State Register of Historic Places and certified by the commission as contributing to the historic character of that district.

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

(c) There shall be a Gateway Cities historic residential rehabilitation tax credit.

(i) Any taxpayer who files a state income tax return and owns and occupies a historic residence may claim an income tax credit of up to twenty percent (20%) of certified rehabilitation costs.

(ii) An owner shall make a preliminary application for certification of rehabilitation costs for the tax credit to the commission. By applying for certification, the owner consents that the commission may have access to the historic residence for inspection at reasonable times to ensure that the rehabilitation complies with guidelines as established by the commission.

(iii) The commission shall establish a minimum dollar amount above which an owner must spend in order to qualify for the income tax credit.

(iv) Upon completion of the rehabilitation, the owner shall notify the commission, at which time the commission shall determine whether the rehabilitation did or did not comply with the commission guidelines established under this section. At that time, the owner will provide the commission with documentation of the work performed and certify the costs incurred in the rehabilitation.

(v) If the commission approves the rehabilitation, the commission shall certify to the owner, in writing, that the rehabilitation complied with the guidelines and the total amount of the tax credit based upon the owner's certification of costs. This certification form shall be filed by the owner with the owner's state income tax return when requesting the income tax credit.

(d) The Gateway Cities historic residential rehabilitation tax credit shall be allocated as follows:

(i) The income tax credit provided for in this section shall be taken in the year the certified rehabilitation work is completed; provided, that first users shall take the tax credit during the calendar year in which the property is purchased. Unused portions of the income tax credit may be carried forward to succeeding years by the owner who received the income tax credit.

(ii) The maximum income tax credit provided for in this section which may be taken in a single tax year is five hundred dollars (\$500) in years 2009-2014, one thousand dollars (\$1,000) beginning in years 2015-2020, and two thousand dollars (\$2,000) beginning in 2021 and thereafter.

(iii) The income tax credit may be claimed by the owner of the eligible historic residence. Alternatively, the income tax credit may be claimed by the first user of the rehabilitated historic residence, provided that the first user is the owner-occupant of the historic residence. If the taxpayer ceases to be the owner of the eligible historic residence or if the property ceases to be an eligible historic residence, any unused income tax credit is forfeited.

(iv) In the event that there is multiple ownership of the historic residence, the credit will only be allowed to the owner(s) for whom the property is actually a residence. If the property for which the credit is claimed is the residence of some or all of the owners, the credit is allowed only to those owners who actually incurred the costs for rehabilitation. In the event that multiple owners who are also residents all incurred costs for the same project, the credit is divided proportionally among those owners based on each owner's share of the actual costs.

(v) In the event that a historic residence contains a nondepreciable owner-occupied residential unit and not more than two (2) depreciable units also owned by the building's owner-

75 occupant, the full value of the credit will be allowed for rehabilitation costs incurred on the entire  
76 building. In the event that a historic building contains both nondepreciable owner-occupied  
77 residential units and three (3) or more rental units, that portion of rehabilitation costs reasonably  
78 associated with owner occupied units which are historic residences as defined in this chapter may  
79 be used to claim a historic residential rehabilitation tax credit.

80 (e) The department of revenue, in consultation with the commission, shall promulgate  
81 regulations and application forms. The commission is authorized to establish a schedule of fees  
82 for the review of historic residential rehabilitation tax credit applications. The department of  
83 revenue shall develop the certification form used in filing for state income tax credit and state  
84 income tax forms to calculate and claim the historic residential rehabilitation tax credit.