HOUSE DOCKET, NO. 519 FILED ON: 1/18/2011

HOUSE . . . . . No. 766

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 adoption of the accompanying bill:

An Act relative to historic residential tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Stephen Kulik	*1st Franklin*
Denise Andrews	*2nd Franklin*
Cory Atkins	*14th Middlesex*
Christine E. Canavan	*10th Plymouth*
James B. Eldridge	
Anne M. Gobi	*5th Worcester*
John D. Keenan	*7th Essex*
Angelo J. Puppolo, Jr.	*12th Hampden*
John W. Scibak	*2nd Hampshire*
Ellen Story	*3rd Hampshire*

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HOUSE . . . . . No. 766

By Mr. Kulik of Worthington, a petition (accompanied by bill, House, No. 766) of Stephen Kulik and others for legislation to provide for an income tax credit for the rehabilitation of residential historic properties. 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:

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

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

Section 65. Massachusetts historic residential rehabilitation tax credit

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

"Certified rehabilitation", a rehabilitation of a qualified historic residence that has been 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
12 chapter 9.

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

16 "Historic residence", an owner-occupied residential structure or unit and any associated
17 outbuildings located within the commonwealth which are owned, in whole or in part, by the
18 taxpayer and which are not of a character subject to federal depreciation allowance pursuant to
19 26 U.S.C. § 167 or § 168 and is:

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

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

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

25 “Secretary”, Secretary of the Commonwealth and Chairman of the Massachusetts
26 Historical Commission.

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

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

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

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

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

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

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

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

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

54 (2) The maximum income tax credit which may be taken in a single tax year shall not
55 exceed $500 in years 2008-2013, inclusive; $1,000 in years 2014-2019, inclusive; and $2,000 in
56 2020 and thereafter.

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

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

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

71 incurred on the entire building. If an historic building contains both non-depreciable owner-
72 occupied residential units and three or more rental units, those rehabilitation costs reasonably
73 associated with the owner occupied units which are historic residences may be used to claim a
74 historic residential rehabilitation tax credit.

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