

HOUSE No.

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:
Stephen Kulik	1st Franklin
James B. Eldridge	
Scott P. Brown	Norfolk, Bristol and Middlesex
Christine E. Canavan	10th Plymouth
Peter v. Kocot	1st Hampshire
Pam Richardson	6th Middlesex

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 4925 OF 2007-2008.]

The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine
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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 properties
2 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
9 established by the secretary of the United States Department of the Interior for rehabilitation
10 of historic properties and in accordance with guidelines and regulations promulgated by the
11 commission.

12 "Commission", the Massachusetts historical commission created in section 26-27C of chapter
13 9.

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

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

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

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

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

26

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

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

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

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

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

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

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

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

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

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

57 (2) The maximum income tax credit which may be taken in a single tax year shall not exceed
58 \$500 in years 2008-2013, inclusive; \$1,000 in years 2014-2019, inclusive; and \$2,000 in
59 2020 and thereafter.

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

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

71 (5) If an historic residence contains a non-depreciable owner-occupied residential unit and
72 not more than two depreciable units also owned by the building's owner-occupant, the full
73 value of the historic residential rehabilitation tax credit will be allowed for rehabilitation
74 costs incurred on the entire building. If an historic building contains both non-depreciable
75 owner-occupied residential units and three or more rental units, those rehabilitation costs
76 reasonably associated with the owner occupied units which are historic residences may be
77 used to claim a historic residential rehabilitation tax credit.

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

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