

**SENATE . . . . . No.**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Mr. Downing**

*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 Establishing the Gateway Cities Historical Residential Rehabilitation Tax Credit.**

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Mr. Downing	Berkshire, Hampshire and Franklin

# The Commonwealth of Massachusetts

\_\_\_\_\_  
In the Year Two Thousand and Nine  
\_\_\_\_\_

## 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, is  
2 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.

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

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

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

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

26 (i) Located in a Gateway City.

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

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

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

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

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

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

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

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

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

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

56 (ii) The maximum income tax credit provided for in this section which may be taken in a  
57 single tax year is five hundred dollars (\$500) in years 2009-2014, one thousand dollars

58 (\$1,000) beginning in years 2015-2020, and two thousand dollars (\$2,000) beginning in 2021  
59 and thereafter.

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

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

71 (v) In the event that a historic residence contains a nondepreciable owner-occupied  
72 residential unit and not more than two (2) depreciable units also owned by the building's  
73 owner-occupant, the full value of the credit will be allowed for rehabilitation costs incurred  
74 on the entire building. In the event that a historic building contains both nondepreciable  
75 owner-occupied residential units and three (3) or more rental units, that portion of  
76 rehabilitation costs reasonably associated with owner occupied units which are historic  
77 residences as defined in this chapter may be used to claim a historic residential rehabilitation  
78 tax credit.

79 (e) The department of revenue, in consultation with the commission, shall promulgate  
80 regulations and application forms. The commission is authorized to establish a schedule of fees

81 for the review of historic residential rehabilitation tax credit applications. The department of  
82 revenue shall develop the certification form used in filing for state income tax credit and state  
83 income tax forms to calculate and claim the historic residential rehabilitation tax credit.