

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 435

H.P. 289

House of Representatives, February 4, 2025

An Act to Expand the Historic Property Rehabilitation Tax Credit

Reference to the Committee on Taxation suggested and ordered printed.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative HASENFUS of Readfield.
Cosponsored by Representative: MALON of Biddeford.

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

2 **PART A**

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

5 **1. Program.** The director shall administer, in consultation with the Department of
6 Administrative and Financial Services, Bureau of Revenue Services, a program in support
7 of state rehabilitation tax credits for income-producing historic structures pursuant to Title
8 36, section 5219-BB and historic homes pursuant to Title 36, section 5219-CCC.

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

10 **2-A. Certification for rehabilitation and weatherization of historic homes.** The
11 director shall certify information necessary for applicants to demonstrate eligibility for an
12 income tax credit under Title 36, section 5219-CCC, in accordance with this subsection.

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

14 (1) "Certified exterior rehabilitation" has the same meaning as in Title 36, section
15 5219-CCC, subsection 1, paragraph A.

16 (2) "Certified historic home" has the same meaning as in Title 36, section
17 5219-CCC, subsection 1, paragraph B.

18 (3) "Qualified exterior rehabilitation expenditure" has the same meaning as in Title
19 36, section 5219-CCC, subsection 1, paragraph E.

20 B. The director may require an applicant to provide information establishing the
21 following:

22 (1) That the certified exterior rehabilitation of a certified historic home is
23 consistent with subsection 2, paragraph A;

24 (2) That the qualified exterior rehabilitation expenditures meet the requirements
25 for an income tax credit under Title 36, section 5219-CCC;

26 (3) That the certified historic home is:

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

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

31 (c) Designated as a local landmark or a contributing resource in a local historic
32 district that has been certified by the United States Department of the Interior,
33 National Park Service; or

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

37 (4) That the eligibility of any dwelling previously determined eligible for listing
38 in the National Register of Historic Places will be reconfirmed at the time of the
39 tax credit application.

1 By January 15th of each calendar year, the director shall provide to the Department of
2 Administrative and Financial Services, Bureau of Revenue Services a list of all taxpayers
3 who have applied for and demonstrated eligibility for the credit claimed under Title 36,
4 section 5219-CCC; a list of all certified historic homes that are the subject of the credit
5 claimed under Title 36, section 5219-CCC; and verification that those taxpayers who
6 claimed the tax credit increase under Title 36, section 5219-CCC, subsection 3 the prior
7 tax year remain eligible for the tax credit increase.

8 For the purposes of the credit claimed under Title 36, section 5219-CCC, buildings and
9 districts determined to be eligible for listing in the National Register of Historic Places, as
10 well as locally designated landmarks and districts, do not have to be nominated to the
11 National Register of Historic Places by the Maine Historic Preservation Commission.

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

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

16 B. ~~By January 15, 2013, the Maine Historic Preservation Commission shall review the~~
17 ~~tax credit provided under Title 36, section 5219-BB and shall make recommendations~~
18 ~~to the joint standing committee of the Legislature having jurisdiction over taxation~~
19 ~~matters regarding specific proposals for funding the credit. By January 15, 2015 2026~~
20 ~~and every 2 5 years thereafter, the Maine Historic Preservation Commission shall~~
21 ~~analyze the use of tax credits provided under Title 36, section sections 5219-BB and~~
22 ~~5219-CCC as an incentive for rehabilitation of historic structures and, economic~~
23 ~~development and the creation of new housing at the time of project completion, analyze~~
24 ~~tax and other revenues generated by the rehabilitation to determine in relation to the~~
25 ~~cost costs of the credit credits if they exceed the costs of the credit credits and report~~
26 ~~the results of its analysis to the joint standing committee committees of the Legislature~~
27 ~~having jurisdiction over taxation, housing and economic development matters with~~
28 ~~recommendations as to whether the credits under Title 36, section sections 5219-BB~~
29 ~~and 5219-CCC should be extended, repealed or amended. The recommendations must~~
30 ~~include specific proposals for funding the credit credits after fiscal year 2014-15~~
31 ~~2030-31 and appropriate transition provisions in order that projects in the development~~
32 ~~or planning states are not adversely affected. The joint standing committee committees~~
33 ~~may submit legislation related to the report.~~

34 **Sec. A-4. 36 MRSA §191, sub-§2, ¶VVV** is enacted to read:

35 VVV. The disclosure of information to the Maine Historic Preservation Commission
36 for the purpose of administering the credit for rehabilitation of historic properties after
37 2007 under section 5219-BB and the credit for rehabilitation and weatherization of
38 historic homes under section 5219-CCC.

39 **Sec. A-5. 36 MRSA §5219-BB, sub-§2, ¶B,** as amended by PL 2011, c. 240, §38,
40 is further amended to read:

41 B. Equal to ~~25%~~ 30% of the certified qualified rehabilitation expenditures of a taxpayer
42 who incurs not less than \$50,000 and up to \$~~250,000~~ \$1,000,000 in certified qualified
43 rehabilitation expenditures in the rehabilitation of a certified historic structure located
44 in the State and who does not claim a credit under the Code, Section 47 with regard to

1 those expenditures. If the certified historic structure is a condominium, as defined in
2 Title 33, section 1601-103, subsection 7, the dollar limitations of this paragraph apply
3 to the total aggregate amount of certified qualified rehabilitation expenditures incurred
4 by the unit owners' association and all of the unit owners in the rehabilitation of that
5 certified historic structure. The credit may be claimed for the taxable year in which the
6 certified historic structure is placed in service.

7 **Sec. A-6. 36 MRSA §5219-BB, sub-§3**, as amended by PL 2019, c. 379, Pt. C,
8 §4, is further amended to read:

9 **3. Increased credit for a certified affordable housing project.** The credit allowed
10 under ~~this section subsection 2, paragraph A~~ is increased to ~~30%~~ 35% of certified qualified
11 rehabilitation expenditures for a certified affordable housing project, ~~and the credit allowed~~
12 under subsection 2, paragraph B is increased to 45% of certified qualified rehabilitation
13 expenditures for a certified affordable housing project. If the certified affordable housing
14 project for which an increased credit was allowed under this subsection does not remain an
15 affordable housing project for 30 years from the date the affordable housing project is
16 placed in service, the owner of the property is subject to the repayment provisions of Title
17 30-A, section 4722, subsection 1, paragraph DD. ~~Upon notification by the Maine Historic~~
18 ~~Preservation Commission and the Maine State Housing Authority pursuant to Title 30-A,~~
19 ~~section 4722, subsection 1, paragraph DD, subparagraph (4), the State Tax Assessor shall~~
20 ~~increase the credit rate under this subsection that was in effect in the calendar year prior to~~
21 ~~the calendar year in which the notification was received by one percentage point for tax~~
22 ~~years beginning in the calendar year of that notification and for any subsequent tax year.~~
23 ~~In no event may the credit rate under this subsection exceed 35% of the taxpayer's certified~~
24 ~~qualified rehabilitation expenditures.~~

25 **Sec. A-7. 36 MRSA §5219-CCC** is enacted to read:

26 **§5219-CCC. Credit for rehabilitation and weatherization of historic homes after 2024**

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

29 A. "Certified exterior rehabilitation" means the exterior rehabilitation, including
30 weatherization, of a certified historic home that the Director of the Maine Historic
31 Preservation Commission certifies is consistent under Title 27, section 511, subsection
32 2, paragraph A.

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

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

42 D. "Eligible taxpayer" means a taxpayer whose federal adjusted gross income for the
43 first year in which the credit allowed under this section may be claimed does not exceed
44 \$120,000.

1 E. "Qualified exterior rehabilitation expenditure" means any amount expended by an
2 eligible taxpayer on or after January 1, 2025 that is reasonably related to a certified
3 exterior rehabilitation, as determined by the Director of the Maine Historic
4 Preservation Commission.

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

6 **2. Credit allowed.** An eligible taxpayer is allowed a credit against the tax imposed
7 under this Part equal to 25% of the qualified exterior rehabilitation expenditure of an
8 eligible taxpayer who incurs at least \$5,000 in qualified exterior rehabilitation expenditures
9 for the certified exterior rehabilitation of a certified historic home, up to a maximum credit
10 of \$50,000 per certified historic home taken within a 5-year period starting from the first
11 tax year in which a credit may be claimed. If an eligible taxpayer does not exceed the
12 maximum credit allowed under this section for a single certified exterior rehabilitation
13 project, the eligible taxpayer may claim a credit for subsequent certified exterior
14 rehabilitation projects, up to the maximum credit per certified historic home within the
15 5-year period. The credit may first be claimed for the taxable year in which the certified
16 exterior rehabilitation is placed in service.

17 **3. Increased credit for creation of new housing.** The credit allowed under this
18 section is increased to 30% of qualified exterior rehabilitation expenditures, up to a
19 maximum credit of \$60,000 per certified historic home, if:

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

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

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

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

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

38 **7. Disallowance of future credit; recapture.** The credit allowed under subsection 2
39 is subject to disallowance and recapture as provided in this subsection.

40 A. Future credits are subject to disallowance if:

41 (1) Any exterior alterations are made to the certified historic home without the
42 approval of the Director of the Maine Historic Preservation Commission and are

1 determined by the director to not be consistent with Title 27, section 511,
2 subsection 2, paragraph A; or

3 (2) The certified historic home ceases to be the homestead of the eligible taxpayer
4 or the successor eligible taxpayer who has been assigned credits pursuant to
5 subsection 6.

6 The disallowed amount under subparagraph (1) or (2) is equal to the amount of credit
7 remaining to be claimed for the taxable year in which the disallowance occurred and
8 all subsequent years.

9 B. If an eligible taxpayer claims the income tax credit increase under subsection 3,
10 paragraph A, but fails or ceases to rent a dwelling unit to a household with income at
11 or below 100% of the median income for the area as agreed, the entire income tax credit
12 increase under subsection 3, paragraph A is subject to disallowance and the assessor
13 may recapture the tax credit increase allowed under subsection 3. Notwithstanding the
14 3-year time limitation for making an assessment under section 141, the assessor shall
15 recapture the amount of the tax credit increase by making an assessment equal to the
16 difference between the amount of the increased tax credit allowed under subsection 3
17 and the tax credit allowed under subsection 2 for the tax year in which the credit was
18 claimed by the eligible taxpayer that actually claimed the credit.

19 **8. Limitation.** An eligible taxpayer who claims a credit under section 5219-R or
20 5219-BB for any portion of a certified historic home may not claim a credit under this
21 section for the same certified historic home.

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

25 **Sec. A-8. Effective date; application.** Those sections of this Part that amend the
26 Maine Revised Statutes, Title 36, section 5219-BB, subsection 2, paragraph B and
27 subsection 3 take effect January 1, 2025 and apply to applications received on or after
28 January 1, 2025 for a tax credit for tax years beginning on or after January 1, 2025.

29 PART B

30 **Sec. B-1. 36 MRSA §5219-BB, sub-§1, ¶C,** as amended by PL 2021, c. 671, §2,
31 is further amended to read:

32 C. "Certified qualified rehabilitation expenditure" means a qualified rehabilitation
33 expenditure, as defined by the Code, Section 47(c)(2), made on or after January 1, 2008
34 with respect to a certified historic structure, if:

35 (1) For credits claimed under subsection 2, paragraph A, the United States
36 Department of the Interior, National Park Service issues a determination ~~on or~~
37 ~~before December 31, 2030~~ that the proposed rehabilitation of that structure meets
38 the Secretary of the Interior's standards for rehabilitation, with or without
39 conditions; or

40 (2) For credits claimed under subsection 2, paragraph B, the Maine Historic
41 Preservation Commission issues a determination ~~on or before December 31, 2030~~
42 that the proposed rehabilitation of that structure meets the Secretary of the Interior's
43 standards for rehabilitation, with or without conditions.

1 For purposes of subsection 2, paragraph B, qualified rehabilitation expenditures
2 incurred in the certified rehabilitation of a certified historic structure located in the
3 State do not include a requirement that the certified historic structure be substantially
4 rehabilitated.

5 **Sec. B-2. 36 MRSA §5219-BB, sub-§4**, as repealed and replaced by PL 2013, c.
6 550, §1 and affected by §2, is amended to read:

7 **4. Maximum credit; until 2025.** The For tax years beginning before January 1, 2025,
8 the credit allowed pursuant to this section and section 2534 may not exceed the greater of:

9 A. Five million dollars for the portion of a certified rehabilitation as defined by the
10 Code, Section 47(c)(2)(C) placed in service in the State in the taxable year; and

11 B. Five million dollars for each building that is a component of a certified historic
12 structure for which a credit is claimed under this section.

13 **Sec. B-3. 36 MRSA §5219-BB, sub-§4-A** is enacted to read:

14 **4-A. Maximum credit; beginning 2025.** For tax years beginning on or after January
15 1, 2025, the credit allowed pursuant to this section and section 2534:

16 A. In the first year in which the credit may be claimed, may not exceed the greater of:

17 (1) Ten million dollars for the portion of a certified rehabilitation as defined by
18 the Code, Section 47(c)(2)(C) placed in service in the State in the taxable year; and

19 (2) Ten million dollars for each building that is a component of a certified historic
20 structure for which a credit is claimed under this section;

21 B. In the 2nd year in which the credit may be claimed, may not exceed the greater of:

22 (1) Ten million dollars minus the credit allowed under paragraph A, subparagraph
23 (1) for the portion of a certified rehabilitation as defined by the Code, Section
24 47(c)(2)(C) placed in service in the State in the taxable year; and

25 (2) Ten million dollars minus the credit allowed under paragraph A, subparagraph
26 (2) for each building that is a component of a certified historic structure for which
27 a credit is claimed under this section; and

28 C. In the 3rd and subsequent years in which the credit may be claimed, may not exceed
29 the greater of:

30 (1) Five million dollars for the portion of a certified rehabilitation as defined by
31 the Code, Section 47(c)(2)(C) placed in service in the State in the taxable year; and

32 (2) Five million dollars for each building that is a component of a certified historic
33 structure for which a credit is claimed under this section.

34 SUMMARY

35 Part A of this bill makes changes to modernize the existing small project provisions of
36 the historic property rehabilitation tax credit, including increasing the eligible percentage
37 of the project from 25% to 30% and increasing the expenditure cap from \$250,000 to
38 \$1,000,000. This Part also increases the percentage of credit available for affordable
39 housing creation to 35% for significant projects and 45% for small projects.

1 Part A also establishes a certification process for the rehabilitation and weatherization
2 of existing homes and creates an income tax credit for rehabilitation and weatherization of
3 certified historic homes equal to 25% of the qualified exterior rehabilitation expenditures
4 for a qualified taxpayer whose federally adjusted gross income does not exceed \$120,000.
5 The percentage of credit that may be claimed increases to 30% if housing is created as part
6 of the weatherization and rehabilitation efforts. This Part also adds the credit for
7 rehabilitation and weatherization of historic homes to the report that the Maine Historic
8 Preservation Commission provides to the Legislature and requires the report to be provided
9 every 5 years instead of biennially.

10 Part B of this bill changes the maximum tax credit allowed for certified historic
11 structure rehabilitation projects for the first 2 years in which a credit may be claimed. It
12 changes the maximum from \$5,000,000 in each of the first 2 years to \$10,000,000 total
13 across the first 2 years combined. It makes no changes to the \$5,000,000 maximum tax
14 credit allowed in subsequent years. This change applies to tax years beginning on or after
15 January 1, 2025. This Part also eliminates the requirement that eligible projects be certified
16 on or before December 31, 2030.