

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 405

S.P. 126

In Senate, January 23, 1997

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### An Act to Create an Historic Preservation Tax Credit.

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator HARRIMAN of Cumberland.  
Cosponsored by Senator AMERO of Cumberland, Representatives: MAYO of Bath, VIGUE of Winslow.

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

Sec. 1. 30-A MRSA §5251, sub-§2, ¶A, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, is further amended to read:

A. To provide impetus for industrial or commercial development, or both rehabilitation of historic buildings or all 3;

Sec. 2. 36 MRSA §5219-L is enacted to read:

**§5219-L. Rehabilitation of historic properties tax credit**

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

A. "Rehabilitation project" means a project undertaken by the owner or leasee of a building or other structure located within an historic district or listed on or eligible for listing on the National Register of Historic Places to rehabilitate that building or other structure. The project must be reviewed and approved by the local historic preservation commission or the Maine Historic Preservation Commission if there is no local commission to approve the project. The reviewing commission may charge a fee of not less than \$250 and not more than \$1,000 based on the cost of the project. In approving a project, the reviewing commission must use the Standards for Rehabilitation issued by the United States Secretary of the Interior and the Uniform Code for Building Conservation.

**2. Credit.** A taxpayer is allowed a credit against the tax imposed by this Part for each taxable year equal to 30% of the federal tax credit allowable for rehabilitation of historic properties located within the State. This credit applies to tax years beginning on or after January 1, 1997.

**3. Limitations.** The amount of credit allowed in subsection 2 may not exceed \$100,000. In no case may this credit reduce the Maine income tax to less than zero.

**4. Carry over.** Any unused credit as a result of the limitation imposed by subsection 3 may be carried over to the following year or years for a period not to exceed 5 years.

**5. Recapture.** If a taxpayer disposes of a rehabilitated historic property within 5 years of completion of the rehabilitation project the tax imposed by this Part for the

taxable year in which the disposition occurs is increased by the following amounts:

A. If the disposition occurs one year or less from the date the rehabilitation project is completed, an amount equal to 100% of the amount allowed as a credit in the year of disposition and all prior years;

B. If the disposition occurs more than one year but less than 2 years from the date the rehabilitation project is completed, an amount equal to 80% of the amount allowed as a credit in the year of disposition and all prior years;

C. If the disposition occurs 2 years or more but less than 3 years from the date the rehabilitation project is completed, an amount equal to 60% of the amount allowed as a credit in the year of disposition and all prior years;

D. If the disposition occurs 3 years or more but less than 4 years from the date the rehabilitation project is completed, an amount equal to 40% of the amount allowed as a credit in the year of disposition and all prior years; or

E. If the disposition occurs 4 years or more but less than 5 years from the date the rehabilitation project is completed, an amount equal to 20% of the amount allowed as a credit in the year of disposition and all prior years.

## SUMMARY

This bill provides a property owner the opportunity to become a tax increment financing district, TIF, in order to rehabilitate an historic property. The program would enable a municipality to share some or all of the increased taxes as a result of a high valuation on rehabilitated property with the owner of the property. The bill also makes the development of the property eligible for a state income tax credit equal to 30% of the federal tax credit for the preservation of property placed on the National Register of Historic Places.