

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1540

H.P. 1093

House of Representatives, February 25, 1999

An Act to Create a Historic Preservation Tax Credit.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative TRIPP of Topsham.
Cosponsored by Senator LIBBY of York and
Representatives: BERRY of Livermore, DAVIDSON of Brunswick, ETNIER of Harpswell,
GREEN of Monmouth, SAXL of Portland, SHIAH of Bowdoinham, Senators: AMERO of
Cumberland, HARRIMAN of Cumberland.

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

Sec. 1. 36 MRSA §5219-Q is enacted to read:

§5219-Q. 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. "Qualified costs" are those activities that contribute to the rehabilitation of a historic building that are defined by the Standards for Rehabilitation issued by the United States Secretary of the Interior.

B. "Rehabilitation project" means a project undertaken by the owner or lessee of an income-producing building or other structure located within a national historic district or listed in or eligible for listing in the National Register of Historic Places to rehabilitate that building or other structure. The project must be reviewed and approved by the certified local government or the Maine Historic Preservation Commission if there is no certified local government to approve the project. The reviewing commission's or certified local government's fee may not be less than \$250 or more than \$1,000 based on the cost of the project. In approving a project, the reviewing commission or certified local government 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 who has incurred qualified costs equal to or exceeding \$5,000 during the taxable year is allowed a credit against the tax imposed by this Part for each taxable year equal to 20% of the total cost of rehabilitation of historic properties located within the State for the tax year. This credit applies to tax years beginning on or after January 1, 2000.

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:

2 A. If the disposition occurs one year or less from the date
4 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;

6 B. If the disposition occurs more than one year but less
8 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;

10 C. If the disposition occurs 2 years or more but less than
12 3 years from the date the rehabilitation project is
14 completed, an amount equal to 60% of the amount allowed as a
credit in the year of disposition and all prior years;

16 D. If the disposition occurs 3 years or more but less than
18 4 years from the date the rehabilitation project is
completed, an amount equal to 40% of the amount allowed as a
20 credit in the year of disposition and all prior years; or

22 E. If the disposition occurs 4 years or more but less than
24 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.

26 6. Rules. The bureau and the Maine Historic Preservation
28 Commission shall jointly adopt rules to implement this section.
30 These rules are routine technical rules as defined in Title 5,
chapter 75, subchapter II-A.

32 SUMMARY

34 This bill establishes a 20% income tax credit for the
36 rehabilitation of income-producing historic properties that are
listed in or eligible for the National Register of Historic
Places.