

# MAINE STATE LEGISLATURE

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Date: 6/15/07

L.D. 262  
(Filing No. H-595)

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
123RD LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 218, L.D. 262, Bill, "An Act To Amend the Credit for Rehabilitation of Historic Properties"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 27 MRSA §505, sub-§2, ¶E is enacted to read:

E. The director may administer, in consultation with the Department of Administrative and Financial Services, Bureau of Revenue Services, a program in support of state rehabilitation tax credits for income-producing historic structures. The program must contain the following elements.

(1) The director shall certify that historic structures are listed in or are eligible for listing in the National Register of Historic Places or are in certified local districts.

(2) A historic structure is a building listed in the National Register of Historic Places.

(3) The director shall certify that rehabilitations of certified historic structures are consistent with the United States Secretary of the Interior's Standards for Rehabilitation.

(4) Qualified rehabilitation expenditures are those that are defined in Section 47 of the federal Internal Revenue Code.

(5) The director shall generate and update as necessary a state historic preservation certification application.

(6) The director may establish a schedule of processing fees, the proceeds of which may be used by the director solely for the support of the administration of certifying rehabilitations of certified historic structures.

**COMMITTEE AMENDMENT**

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1           (7) The processing fees collected by the director must be placed in a nonlapsing  
2           historic commercial rehabilitation fund to be used solely by the director for the  
3           administration of certifying rehabilitations of certified historic structures.

4           (8) By January 15, 2013, the Maine Historic Preservation Commission shall  
5           conduct an analysis of the use of tax credits provided under Title 36, section  
6           5219-BB as an incentive for rehabilitation of historic structures and economic  
7           development and report the results of its analysis to the joint standing committee  
8           of the Legislature having jurisdiction over taxation matters with  
9           recommendations as to whether the credits under section 5219-BB should be  
10           extended, repealed or amended. The joint standing committee may submit  
11           legislation related to the report.

12           **Sec. 2. 36 MRSA §5219-R, sub-§1**, as enacted by PL 2005, c. 519, Pt. H, §1, is  
13 amended to read:

14           **1. Credit allowed.** A taxpayer is allowed a credit against the tax imposed under this  
15 Part equal to the amount of credit claimed by the taxpayer for the taxable year under  
16 Section 47 of the Code with respect to expenditures incurred after December 31, 1999 for  
17 a certified historic structure located in the State. The credit is nonrefundable and is  
18 limited to \$100,000 annually per taxpayer. A credit received under this section is subject  
19 to the same recapture provisions, as apply to a credit received under Section 47 of the  
20 Code and to any available federal carry-back or carry-forward provisions. A credit may  
21 not be claimed under this subsection for expenditures incurred after December 31, 2007.

22           **Sec. 3. 36 MRSA §5219-BB** is enacted to read:

23 **§5219-BB. Credit for rehabilitation of historic properties after 2007**

24           **1. Credit allowed.** A taxpayer is allowed a credit against the tax imposed under this  
25 Part for either of the following.

26           A. A taxpayer is allowed a credit against the tax imposed under this Part equal to  
27 25% of the taxpayer's qualified rehabilitation expenditures for which a tax credit is  
28 claimed under Section 47 of the Code for a certified historic structure located in the  
29 State. Eligible qualified rehabilitation expenditures are those taken into account  
30 under Section 47 of the Code, except that a credit may not be claimed for  
31 expenditures incurred prior to January 1, 2008 or after December 31, 2013.

32           B. A taxpayer who incurs not less than \$50,000 and up to \$250,000 in qualified  
33 rehabilitation expenditures in the rehabilitation of a certified historic structure located  
34 in the State and who does not claim the federal credit with regard to those  
35 expenditures may claim a credit against the tax imposed under this Part equal to 25%  
36 of those expenditures. The credit may be claimed for the taxable year in which the  
37 certified historic structure is placed in service, except that a credit may not be claimed  
38 for expenditures incurred before January 1, 2008 or after December 31, 2013. For  
39 purposes of this paragraph, "qualified rehabilitation expenditures" means  
40 expenditures incurred in the certified rehabilitation of a certified historic structure  
41 located in the State but does not include a requirement that the certified historic  
42 structure be substantially rehabilitated.

**COMMITTEE AMENDMENT**

1 2. Maximum credit. The credit allowed pursuant to this section may not exceed  
2 \$5,000,000 for each certified rehabilitation under Section 47 of the Code placed into  
3 service in the State during the taxable year for which a credit is claimed under this  
4 section.

5 3. Timing of credit. Twenty-five percent of the credit allowed pursuant to this  
6 section must be taken in the taxable year the property is placed into service and 25% must  
7 be taken in each of the next 3 taxable years.

8 4. Credit refundable. The credit allowed under this section is fully refundable.

9 5. Allocation of credit. Credits allowed to a partnership, a limited liability company  
10 taxed as a partnership or multiple owners of property must be passed through to the  
11 partners, members or owners respectively pro rata in the same manner as under section  
12 5219-G, subsection 1 or pursuant to an executed agreement among the partners, members  
13 or owners documenting an alternate allocation method.

14 6. Recapture. A credit received under this section is subject to the same recapture  
15 provisions as apply to a credit received under Section 47 of the Code.

16 7. Limitation. A taxpayer who is eligible to claim a credit under section 5219-R,  
17 whether or not a credit is actually claimed, may not claim a credit under this section. In  
18 addition, a credit may not be claimed under this section with respect to expenditures  
19 incurred for rehabilitation of Building No. 2 in the Lockwood Mill Historic District in the  
20 City of Waterville.

21 **Sec. 4. Appropriations and allocations.** The following appropriations and  
22 allocations are made.

23 **HISTORIC PRESERVATION COMMISSION, MAINE**

24 **Historic Commercial Rehabilitation Fund N029**

25 Initiative: Establishes a base allocation for the Historic Commercial Rehabilitation Fund  
26 to support the administration costs associated with certifying rehabilitations of certified  
27 historic structures.

28	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2007-08</b>	<b>2008-09</b>
29	All Other	\$0	\$500
30			
31	<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$0</b>	<b>\$500</b>
32			

33 **SUMMARY**

34 This amendment changes future historic rehabilitation tax credits a taxpayer may take  
35 if the taxpayer received a credit under the United States Internal Revenue Code from an  
36 amount equal to the credit the taxpayer received under the Code to an amount equal to  
37 25% of the expenditures incurred. This amendment also allows a historic rehabilitation  
38 tax credit for a taxpayer who did not receive a credit under the United States Internal  
39 Revenue Code of 25% of expenditures if the taxpayer expended from \$50,000 to

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1 \$250,000 on a certified historic structure. This amendment makes the credit refundable  
2 and authorizes the State Historic Preservation Officer to establish a schedule of fees for  
3 certifying the historic structures and certifying rehabilitations in the State, the proceeds of  
4 which will go to administering the program. The amendment sunsets the credit in 2013.  
5 The Maine Historic Preservation Commission shall submit an analysis of the use of the  
6 credit to the joint standing committee of the Legislature having jurisdiction over taxation  
7 matters by January 15, 2013.

8 **FISCAL NOTE REQUIRED**  
9 (See attached)

**COMMITTEE AMENDMENT**



# 123rd MAINE LEGISLATURE

LD 262

LR 673(02)

## An Act To Amend the Credit for Rehabilitation of Historic Properties

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$87,097	\$725,517	\$2,124,112
<b>Appropriations/Allocations</b>				
Other Special Revenue Funds	\$0	\$500	\$500	\$500
<b>Revenue</b>				
General Fund	\$0	(\$87,097)	(\$725,517)	(\$2,124,112)
Other Special Revenue Funds	\$0	(\$4,278)	(\$39,296)	(\$116,013)

#### Fiscal Detail and Notes

Expanding future historic rehabilitation tax credits will reduce General Fund revenue by an estimated \$87,097 in fiscal year 2007-08 and \$725,517 in fiscal year 2008-09. The cost of the bill outside of the forecast period is estimated to be \$6,300,000, \$10,300,000 and \$13,700,000 in fiscal years 2011-12, 2012-13 and 2013-14, respectively.

This bill includes an Other Special Revenue Funds base allocation of \$500 in fiscal year 2008-09 for the costs to the Maine Historic Preservation Commission associated with administering the tax credit program that will be offset by the provision in the bill which allows for the establishment of processing fees to be used to support the administration of the program.