

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

GAZ  
RDS

L.D. 1810

Date: 4/12/24 Majority

(Filing No. H- 965)

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33

**TAXATION**

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
131ST LEGISLATURE  
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1155, L.D. 1810, "An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit"

Amend the bill in section 1 in subsection 1 in the last line (page 1, line 7 in L.D.) by striking out the following: "5219-AAA" and inserting the following: '5219-BBB'

Amend the bill by striking out all of section 2 and inserting the following:

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

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

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

- (1) "Certified exterior rehabilitation" has the same meaning as in Title 36, section 5219-BBB, subsection 1, paragraph A.
- (2) "Certified historic home" has the same meaning as in Title 36, section 5219-BBB, subsection 1, paragraph B.
- (3) "Qualified exterior rehabilitation expenditure" has the same meaning as in Title 36, section 5219-BBB, subsection 1, paragraph E.

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

- (1) That the certified exterior rehabilitation of a certified historic home is consistent with subsection 2, paragraph A;
- (2) That the qualified exterior rehabilitation expenditures meet the requirements for an income tax credit under Title 36, section 5219-BBB;
- (3) That the certified historic home is:
  - (a) A building individually listed in or determined to be eligible for listing in the National Register of Historic Places;

**COMMITTEE AMENDMENT**

- 1                   (b) Classified as contributing to a historic district listed in or eligible for listing  
2                   in the National Register of Historic Places;
- 3                   (c) Designated as a local landmark or a contributing resource in a local historic  
4                   district that has been certified by the United States Department of the Interior,  
5                   National Park Service; or
- 6                   (d) Designated as a local landmark or contributing to a local historic district  
7                   that substantially meets the National Register of Historic Places criteria as  
8                   determined by the director; and
- 9                   (4) That the eligibility of any dwelling previously determined eligible for listing  
10                  in the National Register of Historic Places will be reconfirmed at the time of the  
11                  tax credit application.

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

19                  For the purposes of the credit claimed under Title 36, section 5219-BBB, buildings and  
20                  districts determined to be eligible for listing in the National Register of Historic Places, as  
21                  well as locally designated landmarks and districts, do not have to be nominated to the  
22                  National Register of Historic Places by the commission.

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

25                  Amend the bill by striking out all of section 3 and inserting the following:

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

28                  ~~B. By January 15, 2013, the Maine Historic Preservation Commission shall review the~~  
29                  ~~tax credit provided under Title 36, section 5219-BB and shall make recommendations~~  
30                  ~~to the joint standing committee of the Legislature having jurisdiction over taxation~~  
31                  ~~matters regarding specific proposals for funding the credit. By January 15, 2015 2026~~  
32                  ~~and every 2 5 years thereafter, the Maine Historic Preservation Commission shall~~  
33                  ~~analyze the use of tax credits provided under Title 36, section sections 5219-BB and~~  
34                  ~~5219-BBB as an incentive for rehabilitation of historic structures and, economic~~  
35                  ~~development and the creation of new housing at the time of project completion, analyze~~  
36                  ~~tax and other revenues generated by the rehabilitation to determine in relation to the~~  
37                  ~~cost costs of the credit credits if they exceed the costs of the credit credits and report~~  
38                  ~~the results of its analysis to the joint standing committee committees of the Legislature~~  
39                  ~~having jurisdiction over taxation, housing and economic development matters with~~  
40                  ~~recommendations as to whether the credits under Title 36, section sections 5219-BB~~  
41                  ~~and 5219-BBB should be extended, repealed or amended. The recommendations must~~  
42                  ~~include specific proposals for funding the credit credits after fiscal year 2014-15~~  
43                  ~~2030-31 and appropriate transition provisions in order that projects in the development~~

ROS  
2

or planning states are not adversely affected. The joint standing ~~committee~~ committees may submit legislation related to the report.'

3

Amend the bill by inserting after section 3 the following:

4

'Sec. 4. 36 MRSA §191, sub-§2, ¶UUU is enacted to read:

5

UUU. The disclosure of information to the Maine Historic Preservation Commission for the purpose of administering the credit for rehabilitation of historic properties after 2007 under section 5219-BB and the credit for rehabilitation and weatherization of historic homes under section 5219-BBB.'

6

7

8

9

Amend the bill by striking out all of section 6 and inserting the following:

10

'Sec. 6. 36 MRSA §5219-BBB is enacted to read:

11

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

12

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

13

14

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

15

16

17

18

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

19

20

21

22

23

24

25

26

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

27

28

29

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

30

31

32

33

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

34

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

35

2. Credit allowed. An eligible taxpayer is allowed a credit against the tax imposed under this Part equal to 25% of the qualified exterior rehabilitation expenditure of an eligible taxpayer who incurs at least \$5,000 in qualified exterior rehabilitation expenditures for the certified exterior rehabilitation of a certified historic home, up to a maximum credit of \$50,000 per certified historic home taken within a 5-year period starting from the first tax year in which a credit may be claimed. If an eligible taxpayer does not exceed the maximum credit allowed under this section for a single certified exterior rehabilitation project, then the eligible taxpayer may claim a credit for subsequent certified exterior

36

37

38

39

40

41

42

ROS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43

rehabilitation projects, up to the maximum credit per certified historic home within the 5-year period. The credit may first be claimed for the taxable year in which the certified exterior rehabilitation is placed in service.

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

- A. For a certified historic home with more than one dwelling unit, the eligible taxpayer agrees, for a period of 4 years, to rent at least one dwelling unit to a household with income at or below 100% of the median income for the area as defined by the United States Department of Housing and Urban Development under the United States Housing Act of 1937, Public Law 75-412, 50 Stat. 888, Section 8, as amended, measured at the time of initial occupancy; or
- B. The certified historic home has not been used as a residence by tenants or property owners for the 5 years prior to the year in which the credit is first claimed.

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

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

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

**7. Disallowance of future credit; recapture.** The credit allowed under subsection 2 is subject to disallowance and recapture if, before the final taxable year the credit can be taken, as provided in this subsection.

- A. Future credits are subject to disallowance if:
  - (1) Any exterior alterations are made to the certified historic home without the approval of the Director of the Maine Historic Preservation Commission and are determined by the director to not be consistent with Title 27, section 511, subsection 2-A, paragraph A; or
  - (2) The certified historic home ceases to be the homestead of the eligible taxpayer or the successor eligible taxpayer who has been assigned credits pursuant to subsection 6.

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

B. If an eligible taxpayer claims the income tax credit increase under subsection 3, paragraph A, but fails or ceases to rent a dwelling unit to a household with income at or below 100% of the median income for the area as agreed, the entire income tax credit increase under subsection 3, paragraph A is subject to disallowance and the assessor may recapture the tax credit increase allowed under subsection 3. Notwithstanding the

# COMMITTEE AMENDMENT

ROS

3-year time limitation for making an assessment under section 141, the assessor shall recapture the amount of the tax credit increase by making an assessment equal to the difference between the amount of the increased tax credit allowed under subsection 3 and the tax credit allowed under subsection 2 for the tax year in which the credit was claimed by the eligible taxpayer that actually claimed the credit.

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

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

Amend the bill by striking out all of section 7 and inserting the following:

'Sec. 7. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF  
Revenue Services, Bureau of 0002**

Initiative: Provides one-time funding for administrative costs to make changes to tax returns.

<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
Capital Expenditures	\$0	\$33,000
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$33,000</b>

**ADMINISTRATIVE AND FINANCIAL  
SERVICES, DEPARTMENT OF  
DEPARTMENT TOTALS**

	<b>2023-24</b>	<b>2024-25</b>
<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$33,000</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$33,000</b>

**HISTORIC PRESERVATION COMMISSION, MAINE**

**Historic Preservation Commission 0036**

Initiative: Provides ongoing funds for 2 Historic Preservationist Coordinator positions and related All Other costs to implement the certification obligations of the Director of the Maine Historic Preservation Commission under the Maine Revised Statutes, Title 27, section 511 for the expanded small project credit under Title 36, section 5219-BB and the new tax credit for the rehabilitation and weatherization of historic homes under Title 36, section 5219-BBB. One position begins August 1, 2024 and one position begins January 1, 2025.

<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
POSITIONS - LEGISLATIVE COUNT	0.000	2.000
Personal Services	\$0	\$148,355

ROS

COMMITTEE AMENDMENT "A" to H.P. 1155, L.D. 1810

1	All Other	\$0	\$17,877
2			
3	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$166,232</u>
4	<b>Historic Preservation Commission 0036</b>		
5	Initiative: Provides one-time funds for consulting services to assist in the analysis of the		
6	use of the tax credits provided.		
7	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
8	All Other	\$0	\$50,000
9			
10	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$50,000</u>
11			
12	<b>HISTORIC PRESERVATION COMMISSION,</b>		
13	<b>MAINE</b>		
14	<b>DEPARTMENT TOTALS</b>	<b>2023-24</b>	<b>2024-25</b>
15			
16	<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$216,232</b>
17			
18	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$0</b></u>	<u><b>\$216,232</b></u>
19			
20	<b>SECTION TOTALS</b>	<b>2023-24</b>	<b>2024-25</b>
21			
22	<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$249,232</b>
23			
24	<b>SECTION TOTAL - ALL FUNDS</b>	<u><b>\$0</b></u>	<u><b>\$249,232</b></u>

25

26 Amend the bill by inserting after section 7 the following:

27 **'Sec. 8. Effective date; application.** Those sections of this Act that amend the

28 Maine Revised Statutes, Title 36, section 5219-BB, subsection 2, paragraph B and Title 36,

29 section 5219-BB, subsection 3 take effect January 1, 2025 and apply to applications

30 received on or after January 1, 2025 for a tax credit for tax years beginning on or after

31 January 1, 2025.'

32 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section

33 number to read consecutively.

**SUMMARY**

- 34 This amendment makes the following changes to the bill.
- 35
- 36 1. It clarifies provisions for the purposes of administration of the tax credit for
- 37 rehabilitation and weatherization of historic homes.
- 38 2. It provides that the designation of a local landmark or a contributing resource in a
- 39 local historic district is also made by the United States Department of the Interior, National
- 40 Park Service.

**COMMITTEE AMENDMENT**

ROS

1  
2  
3  
4  
5  
6  
7  
8

3. It provides that an eligible taxpayer is a taxpayer that has federal adjusted gross income of no more than \$120,000.

4. Beginning in 2025, it increases the tax credit for rehabilitation and weatherization of historic homes and the increased credit by 5 percentage points of certified qualified rehabilitation expenditures and decreases the maximum credit that may be received from \$62,500 to \$50,000.

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





# 131st MAINE LEGISLATURE

LD 1810

LR 1684(02)

## An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-965)

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$249,232	\$513,732	\$792,294
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$249,232	\$242,982	\$250,794
<b>Revenue</b>				
General Fund	\$0	\$0	(\$270,750)	(\$541,500)
Other Special Revenue Funds	\$0	\$0	(\$14,250)	(\$28,500)

### Fiscal Detail and Notes

This bill includes General Fund appropriations of \$216,232 in fiscal year 2024-25 to the Maine Historic Preservation Commission for the costs associated with implementing the requirements of this bill. Of this amount, \$166,232 is appropriated on an ongoing basis for 2 Historic Preservationist Coordinator positions and related All Other costs to perform certification obligations for the expanded small project credit and the new tax credit for the rehabilitation and weatherization of historic homes. This fiscal note assumes that one position will begin on August 1, 2024 and one position will begin on January 1, 2025. Additionally, \$50,000 is appropriated on a one-time basis for consulting services to assist in the analysis of the use of the tax credits provided.

The bill also includes one-time General Fund appropriations to the Department of Administrative Services, Bureau of Revenue Services of \$33,000 in fiscal year 2024-25 for administrative costs to implement changes to income tax returns.

Expanding the tax credit for rehabilitation of historic properties and establishing a tax credit for rehabilitation and weatherization of historic homes effective January 1, 2025 will decrease revenue to the General fund by \$270,750 in fiscal year 2025-26 and decrease local government fund revenue by \$14,250 in the same year.