

Subject Historic structure rehabilitation credit

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Overview

H.F. 3688 would make two changes to the credit for historic structure rehabilitation. First, the bill would allow the credit to be taken in one lump-sum instead of being taken over a five-year time period. Second, the bill would extend the sunset date for the credit to 2030.

Summary

Section	Description
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1	Credit or grant allowed.
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Allows 100 percent of the credit to be paid in the taxable year in which a qualified rehabilitated building is placed in service. Current law requires the credit to be taken in the time period (pro rata over five years) provided for under the Internal Revenue Code.

Effective date: property placed in service after June 30, 2022.

2	Applications; allocations.
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Clarifies how the proposed lump-sum credit allowed in section 1 affects allocation certificates issued prior to the effective date for the lump-sum credit proposal. Under current law, taxpayers must apply for an allocation of the credit prior to rehabilitating a project and the project must be placed in service within three years of the issuance of the allocation certificate. Section 2 allows projects for which allocation certificates have been issued but not placed in service prior to July 1, 2022 to claim the lump-sum credit.

Effective date: retroactive for allocation certificates issued prior to the date of enactment.

3	Credit certificates; grants.
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Makes a conforming change due to the change in section 1, to the provision of law allowing the credit to be assigned.

Section	Description
	Effective date: property placed in service after June 30, 2022.
4	Sunset. Changes the sunset date to after fiscal year 2030. Under current law, the credit expires after fiscal year 2022. Effective date: day following final enactment.
5	Tax expenditure purpose statement. Provides that the purpose of the changes to the credit and the sunset date are to encourage investment and increase the number of historic rehabilitation projects in the state.



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