

HOUSE RESEARCH

Bill Summary

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Overview

Makes various changes to the historic structure credit:

- ▶ Extends the sunset of the credit by six years, to fiscal year 2021.
- ▶ Requires the State Historic Preservation Office (SHPO) to notify developers of eligibility in writing, and allows credit applicants to appeal eligibility decisions through the contested case procedure in chapter 14.
- ▶ Modifies the effective date for the credit so that the credit is allowed for historic structures placed in service after May 1, 2010, rather than for structures for which rehabilitation costs were first paid under contracts entered into after May 1, 2010.
- ▶ Allows grants to be assigned to entities other than the developer in the grant agreement, provides that pass-through of credits to partners or owners are not assignments, and requires entities that receive assignment of a credit to notify the commissioner.
- ▶ Modifies definitions to more closely match those used for the federal credit.

Section

- 1** **Definitions.** Adds definition of the term “federal credit” to mean the federal historic structure rehabilitation credit, and of the terms “placed in service,” and “qualified rehabilitation expenditures,” to have the meanings given in the Internal Revenue Code for the federal credit.

Section

Effective the day following final enactment.

- 2 Applications.** Requires the SHPO to notify the developer in writing if a project is eligible for a credit. Present law requires SHPO to determine eligibility but does not require notification.

Allows determinations of the SHPO regarding project eligibility for the historic credit to be appealed through a contested case procedure under chapter 14, within 45 days of the written notification.

Effective the day following final enactment.

- 3 Assignment of credit certificates and grants.** Allows grant agreements to provide for grants to be issued to an individual or entity other than the developer. Present law does not provide for grants to be assigned. Requires entities that are assigned a credit certificate to notify the commissioner within 30 days of being assigned a credit, in a form and manner prescribed by the commissioner. Clarifies that the pass-through of credits to owners of a pass-through entity are not considered credit assignments.

Effective the day following final enactment.

- 4 Partnerships; multiple owners.** Allows entities with multiple owners to allocate the credit among owners based on the allocation in any “executed agreement.” Current law allows allocation of the credit either based on the ownership of the entity’s assets, or as specified in the entity’s organizational documents.

Effective the day following final enactment.

- 5 Sunset.** Extends the sunset of the credit by six years from fiscal year 2015 to fiscal year 2021. Extends by six years the SHPO’s authority to issue credit certificates based on previously made allocations, to 2022, and extends reporting requirements by six years to 2025.

- 6 Effective date of credit.** Modifies the effective date of the credit retroactively so that the credit is allowed for certified historic structures placed in service after May 1, 2010, for which qualified rehabilitation expenditures were first paid after May 1, 2010, without regard to the date of corresponding construction contracts, provided that an application was received before the project was placed in service.

Current law limits the credit to certified historic structures for which qualified costs of rehabilitation were first paid under construction contracts entered into after May 1, 2010. May 1, 2010, was the date the credit was enacted into law under Laws 2010, chapter 216.

Effective retroactively to the inception of the credit statute, but prohibits the SHPO for issuing credit certificates under the changes to this section until fiscal year 2014.