

D R A F T

SUMMARY

Creates tax credit for certified historic property rehabilitation contributions. Directs Department of Revenue, in cooperation with State Historic Preservation Officer, to conduct auction of tax credits.

Establishes State Historic Rehabilitation Fund and requires that auction proceeds be deposited in fund for purpose of making rebates to property owners for eligible rehabilitation expenses for historic properties. Provides for payment of rebates from fund and for administration of rebate program by State Historic Preservation Officer. Limits amount of credits and corresponding rebates to \$24 million for any biennium.

Applies to tax years beginning on or after January 1, 2016, and before January 1, 2022, and to applications for rebates submitted after July 1, 2015.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax credit for historic property rehabilitation contributions;
3 and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Sections 3 and 5 to 9 of this 2015 Act shall be known**
6 **and may be cited as the Revitalize Main Street Act.**

7 **SECTION 2. Section 3 of this 2015 Act is added to and made a part**
8 **of ORS chapter 315.**

9 **SECTION 3. (1) A credit against the taxes otherwise due under ORS**
10 **chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317**
11 **or 318, is allowed to a taxpayer for certified historic property rehabil-**
12 **itation contributions made by the taxpayer during the tax year to the**
13 **State Historic Rehabilitation Fund established under section 8 of this**
14 **2015 Act.**

1 **(2)(a) The Department of Revenue shall, in cooperation with the**
2 **State Historic Preservation Officer, conduct an auction of tax credits**
3 **under this section. The department may conduct the auction in the**
4 **manner that the department determines is best suited to maximize the**
5 **return to the state on the sale of tax credit certifications and shall**
6 **announce a reserve bid prior to conducting the auction. The reserve**
7 **amount shall be at least 95 percent of the total amount of the tax**
8 **credit. Moneys necessary to reimburse the department for the actual**
9 **costs incurred by the department in administering an auction, not to**
10 **exceed 0.25 percent of auction proceeds, are continuously appropriated**
11 **to the department. The department shall deposit net receipts from the**
12 **auction required under this section in the State Historic Rehabilitation**
13 **Fund.**

14 **(b) The State Historic Preservation Officer shall adopt rules in or-**
15 **der to achieve the following goals:**

16 **(A) Subject to paragraph (a) of this subsection, to generate contri-**
17 **butions for which tax credits of \$12 million are certified for each fiscal**
18 **year;**

19 **(B) To maximize income and excise tax revenues that are retained**
20 **by the State of Oregon for state operations; and**

21 **(C) To provide the necessary financial incentives for taxpayers to**
22 **make contributions, taking into consideration the impact of granting**
23 **a credit upon a taxpayer's federal income tax liability.**

24 **(3) Contributions made under this section shall be deposited in the**
25 **State Historic Rehabilitation Fund.**

26 **(4)(a) Upon receipt of a contribution, the State Historic Preserva-**
27 **tion Officer shall issue to the taxpayer written certification of the**
28 **amount certified for tax credit under this section to the extent the**
29 **amount certified for tax credit, when added to all amounts previously**
30 **certified for tax credit under this section, does not exceed \$12 million**
31 **for the fiscal year in which certification is made.**

1 (b) The State Historic Preservation Officer and the department are
2 not liable, and a refund of a contributed amount need not be made, if
3 a taxpayer who has received tax credit certification is unable to use
4 all or a portion of the tax credit to offset the tax liability of the tax-
5 payer.

6 (5) To the extent the State Historic Preservation Officer does not
7 certify contributed amounts as eligible for a tax credit under this
8 section, the taxpayer may request a refund of the amount the taxpayer
9 contributed, and the officer shall refund that amount.

10 (6)(a) Except as provided in paragraph (b) of this subsection, a tax
11 credit claimed under this section may not exceed the tax liability of
12 the taxpayer and may not be carried over to another tax year.

13 (b) Any tax credit otherwise allowable under this section that is not
14 used by the taxpayer in a particular tax year may be carried forward
15 and offset against the taxpayer's tax liability for the next succeeding
16 tax year. Any credit remaining unused in the next succeeding tax year
17 may be carried forward and used in the second succeeding tax year,
18 and likewise, any credit not used in that second succeeding tax year
19 may be carried forward and used in the third succeeding tax year, and
20 likewise, any credit not used in that third succeeding tax year may be
21 carried forward and used in the fourth succeeding tax year, and like-
22 wise, any credit not used in that fourth succeeding tax year may be
23 carried forward and used in the fifth succeeding tax year, but may not
24 be carried forward for any tax year thereafter.

25 (c) A taxpayer is not eligible for a tax credit under this section if
26 the first tax year for which the credit would otherwise be allowed be-
27 gins on or after January 1, 2022.

28 (7) If a tax credit is claimed under this section by a nonresident or
29 part-year resident taxpayer, the amount shall be allowed without pro-
30 ration under ORS 316.117.

31 (8) If the amount of contribution for which a tax credit certification

1 is made is allowed as a deduction for federal tax purposes, the amount
2 of the contribution shall be added to federal taxable income for Oregon
3 tax purposes.

4 **SECTION 4.** Sections 5 to 9 of this 2015 Act are added to and made
5 a part of ORS chapter 358.

6 **SECTION 5.** As used in sections 5 to 9 of this 2015 Act:

7 (1) “Eligible rehabilitation expenses” means capital expenses in-
8 curred in the material rehabilitation of a historic property.

9 (2) “Historic property” has the meaning given that term in ORS
10 358.480.

11 (3) “Material rehabilitation” means improvements or reconstruction
12 consistent with the United States Secretary of the Interior’s Standards
13 for Rehabilitation as in effect on the effective date of this 2015 Act.

14 (4) “Placed in service” means the property is placed in a condition
15 or state of readiness and availability for a specifically assigned func-
16 tion in a trade or business, in the production of income (including
17 multifamily residential use) or in a tax-exempt activity.

18 (5) “Property owner” includes an owner of a historic property, or a
19 lessee of a historic property that has received authorization for the
20 material rehabilitation from the owner.

21 (6) “Rural area” means an area located entirely outside of the ac-
22 knowledged Portland Metropolitan Area Regional Urban Growth
23 Boundary.

24 (7) “Small project” means material rehabilitation of a historic
25 property with eligible rehabilitation expenses that do not exceed
26 \$250,000.

27 **SECTION 6.** (1) The State Historic Preservation Officer may issue
28 to a property owner a certificate of eligibility indicating that the
29 property owner shall receive a rebate under this section if the property
30 owner completes material rehabilitation according to plans approved
31 by the State Historic Preservation Officer.

1 **(2)(a) After material rehabilitation is complete and a historic prop-**
2 **erty is placed in service, the State Historic Preservation Officer may**
3 **issue a rebate to the property owner for a portion of the eligible re-**
4 **habilitation expenses incurred by the property owner.**

5 **(b) The maximum rebate for a single historic property shall be 25**
6 **percent of eligible rehabilitation expenses, but may not exceed \$2**
7 **million.**

8 **(3) To qualify for a rebate under this section:**

9 **(a) The historic property must be located in Oregon;**

10 **(b) The eligible rehabilitation expenses must exceed \$10,000;**

11 **(c) The historic property may not be used solely for single-family**
12 **residential purposes;**

13 **(d) The historic property must be an income-generating property;**
14 **and**

15 **(e) The property owner shall apply for and receive a certificate of**
16 **approval of the project from the State Historic Preservation Officer.**

17 **(4) Rebates under this section shall be made from moneys credited**
18 **to or deposited in the State Historic Rehabilitation Fund established**
19 **in section 8 of this 2015 Act. A rebate may not be made to the extent**
20 **sufficient funds are not available in the fund to make the rebate.**

21 **(5)(a) Eligible rehabilitation expenses supporting a claim for a re-**
22 **bate under this section must be verified by the State Historic Preser-**
23 **vation Officer. The property owner must submit to the State Historic**
24 **Preservation Officer proof of expenses, including any documentation**
25 **requested by the State Historic Preservation Officer to verify the ex-**
26 **penses.**

27 **(b) The State Historic Preservation Officer may adopt rules that**
28 **establish a procedure for the submission and verification of actual**
29 **expenses and may establish a fee for the administration of the rebate**
30 **program under this section.**

31 **SECTION 7.** **The State Historic Preservation Officer may hire or**

1 contract with a marketer to market the tax credits described in sec-
2 tion 3 of this 2015 Act to taxpayers.

3 **SECTION 8.** (1) The State Historic Rehabilitation Fund is estab-
4 lished in the State Treasury, separate and distinct from the General
5 Fund. Interest earned by the State Historic Rehabilitation Fund shall
6 be credited to the fund.

7 (2) Moneys in the State Historic Rehabilitation Fund shall consist
8 of:

9 (a) Amounts donated to the fund;

10 (b) Amounts appropriated or otherwise transferred to the fund by
11 the Legislative Assembly;

12 (c) Other amounts deposited in the fund from any source; and

13 (d) Interest earned by the fund.

14 (3) Moneys in the fund are continuously appropriated to the State
15 Historic Preservation Officer. After the payment of refunds to tax-
16 payers as described in section 3 of this 2015 Act and payments to a tax
17 credit marketer for marketing services provided by the marketer as
18 described in section 7 of this 2015 Act:

19 (a) Seventy percent of the balance remaining in the fund shall be
20 used to provide rebates to property owners as provided in section 6 of
21 this 2015 Act; and

22 (b) Thirty percent of the balance remaining in the fund shall be
23 used to provide rebates to property owners, as provided in section 6
24 of this 2015 Act, for eligible rehabilitation expenses of small projects.
25 In making rebates under this paragraph, the State Historic Preserva-
26 tion Officer shall give priority to historic properties located in rural
27 areas.

28 (4) On July 1 of each fiscal year, any moneys that remain unex-
29 pended or unallocated from the previous fiscal year may be used by
30 the State Historic Preservation Officer for the purpose of making re-
31 bates to property owners under section 6 of this 2015 Act.

1 **(5) Expenditures from the fund are not subject to ORS 291.232 to**
2 **291.260.**

3 **SECTION 9.** **(1) The total amount of potential tax credits for certi-**
4 **fied historic property rehabilitation contributions in this state may**
5 **not, at the time of certification under section 3 of this 2015 Act, exceed**
6 **\$24 million for any biennium.**

7 **(2) In the event that the State Historic Preservation Officer receives**
8 **applications for rebates under section 6 of this 2015 Act in excess of**
9 **the contributions received pursuant to section 3 of this 2015 Act, the**
10 **State Historic Preservation Officer shall allocate the issuance of re-**
11 **bates according to standards and criteria established by rule by the**
12 **State Historic Preservation Officer.**

13 **SECTION 10.** **Sections 3, 5 and 6 of this 2015 Act apply to tax years**
14 **beginning on or after January 1, 2016, and before January 1, 2022, and**
15 **to applications for rebates submitted after July 1, 2015.**

16 **SECTION 11.** **This 2015 Act takes effect on the 91st day after the**
17 **date on which the 2015 regular session of the Seventy-eighth Legisla-**
18 **tive Assembly adjourns sine die.**

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