

Senate Bill 565

Sponsored by COMMITTEE ON FINANCE AND REVENUE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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; and prescribing an effective date.

3
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 and may be cited as**
6 **the Revitalize Main Street Act.**

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

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

12 **(2)(a) The Department of Revenue shall, in cooperation with the State Historic Preservation**
13 **Officer, conduct an auction of tax credits under this section. The department may**
14 **conduct the auction in the manner that the department determines is best suited to maxi-**
15 **mize the return to the state on the sale of tax credit certifications and shall announce a**
16 **reserve bid prior to conducting the auction. The reserve amount shall be at least 95 percent**
17 **of the total amount of the tax credit. Moneys necessary to reimburse the department for the**
18 **actual costs incurred by the department in administering an auction, not to exceed 0.25**
19 **percent of auction proceeds, are continuously appropriated to the department. The depart-**
20 **ment shall deposit net receipts from the auction required under this section in the State**
21 **Historic Rehabilitation Fund.**

22 **(b) The State Historic Preservation Officer shall adopt rules in order to achieve the fol-**
23 **lowing goals:**

24 **(A) Subject to paragraph (a) of this subsection, to generate contributions for which tax**
25 **credits of \$12 million are certified for each fiscal year;**

26 **(B) To maximize income and excise tax revenues that are retained by the State of Oregon**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 for state operations; and

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

5 (3) Contributions made under this section shall be deposited in the State Historic Reha-
6 bilitation Fund.

7 (4)(a) Upon receipt of a contribution, the State Historic Preservation Officer shall issue
8 to the taxpayer written certification of the amount certified for tax credit under this section
9 to the extent the amount certified for tax credit, when added to all amounts previously cer-
10 tified for tax credit under this section, does not exceed \$12 million for the fiscal year in
11 which certification is made.

12 (b) The State Historic Preservation Officer and the department are not liable, and a re-
13 fund of a contributed amount need not be made, if a taxpayer who has received tax credit
14 certification is unable to use all or a portion of the tax credit to offset the tax liability of the
15 taxpayer.

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

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

22 (b) Any tax credit otherwise allowable under this section that is not used by the taxpayer
23 in a particular tax year may be carried forward and offset against the taxpayer's tax liability
24 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax
25 year may be carried forward and used in the second succeeding tax year, and likewise, any
26 credit not used in that second succeeding tax year may be carried forward and used in the
27 third succeeding tax year, and likewise, any credit not used in that third succeeding tax year
28 may be carried forward and used in the fourth succeeding tax year, and likewise, any credit
29 not used in that fourth succeeding tax year may be carried forward and used in the fifth
30 succeeding tax year, but may not be carried forward for any tax year thereafter.

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

33 (7) If a tax credit is claimed under this section by a nonresident or part-year resident
34 taxpayer, the amount shall be allowed without proration under ORS 316.117.

35 (8) If the amount of contribution for which a tax credit certification is made is allowed
36 as a deduction for federal tax purposes, the amount of the contribution shall be added to
37 federal taxable income for Oregon tax purposes.

38 **SECTION 4.** Sections 5 to 9 of this 2015 Act are added to and made a part of ORS chapter
39 358.

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

41 (1) "Eligible rehabilitation expenses" means capital expenses incurred in the material
42 rehabilitation of a historic property.

43 (2) "Historic property" has the meaning given that term in ORS 358.480.

44 (3) "Material rehabilitation" means improvements or reconstruction consistent with the
45 United States Secretary of the Interior's Standards for Rehabilitation as in effect on the ef-

1 fective date of this 2015 Act.

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

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

7 (6) “Rural area” means an area located entirely outside of the acknowledged Portland
8 Metropolitan Area Regional Urban Growth Boundary.

9 (7) “Small project” means material rehabilitation of a historic property with eligible re-
10 habilitation expenses that do not exceed \$250,000.

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

15 (2)(a) After material rehabilitation is complete and a historic property is placed in ser-
16 vice, the State Historic Preservation Officer may issue a rebate to the property owner for a
17 portion of the eligible rehabilitation expenses incurred by the property owner.

18 (b) The maximum rebate for a single historic property shall be 25 percent of eligible re-
19 habilitation expenses, but may not exceed \$2 million.

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

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

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

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

24 (d) The historic property must be an income-generating property; and

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

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

30 (5)(a) Eligible rehabilitation expenses supporting a claim for a rebate under this section
31 must be verified by the State Historic Preservation Officer. The property owner must submit
32 to the State Historic Preservation Officer proof of expenses, including any documentation
33 requested by the State Historic Preservation Officer to verify the expenses.

34 (b) The State Historic Preservation Officer may adopt rules that establish a procedure
35 for the submission and verification of actual expenses and may establish a fee for the ad-
36 ministration of the rebate program under this section.

37 **SECTION 7.** The State Historic Preservation Officer may hire or contract with a
38 marketer to market the tax credits described in section 3 of this 2015 Act to taxpayers.

39 **SECTION 8.** (1) The State Historic Rehabilitation Fund is established in the State
40 Treasury, separate and distinct from the General Fund. Interest earned by the State Historic
41 Rehabilitation Fund shall be credited to the fund.

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

43 (a) Amounts donated to the fund;

44 (b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-
45 sembly;

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

2 (d) Interest earned by the fund.

3 (3) Moneys in the fund are continuously appropriated to the State Historic Preservation
4 Officer. After the payment of refunds to taxpayers as described in section 3 of this 2015 Act
5 and payments to a tax credit marketer for marketing services provided by the marketer as
6 described in section 7 of this 2015 Act:

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

9 (b) Thirty percent of the balance remaining in the fund shall be used to provide rebates
10 to property owners, as provided in section 6 of this 2015 Act, for eligible rehabilitation ex-
11 penses of small projects. In making rebates under this paragraph, the State Historic Pres-
12 ervation Officer shall give priority to historic properties located in rural areas.

13 (4) On July 1 of each fiscal year, any moneys that remain unexpended or unallocated
14 from the previous fiscal year may be used by the State Historic Preservation Officer for the
15 purpose of making rebates to property owners under section 6 of this 2015 Act.

16 (5) Expenditures from the fund are not subject to ORS 291.232 to 291.260.

17 **SECTION 9.** (1) The total amount of potential tax credits for certified historic property
18 rehabilitation contributions in this state may not, at the time of certification under section
19 3 of this 2015 Act, exceed \$24 million for any biennium.

20 (2) In the event that the State Historic Preservation Officer receives applications for
21 rebates under section 6 of this 2015 Act in excess of the contributions received pursuant to
22 section 3 of this 2015 Act, the State Historic Preservation Officer shall allocate the issuance
23 of rebates according to standards and criteria established by rule by the State Historic
24 Preservation Officer.

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

28 **SECTION 11.** This 2015 Act takes effect on the 91st day after the date on which the 2015
29 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

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