

1 **HISTORIC REHABILITATION TAX CREDIT AMENDMENTS**

2 2022 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Derrin R. Owens**

5 House Sponsor: Timothy D. Hawkes

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies the tax credit related to expenditures for rehabilitating a historic
10 building.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ allows a taxpayer to claim a tax credit for rehabilitation expenditures made for
- 14 certain historic commercial buildings;
- 15 ▶ provides that a person may assign all or a portion of a historic rehabilitation tax
- 16 credit; and
- 17 ▶ makes technical and conforming changes.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill provides retrospective operation.

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **59-7-609**, as enacted by Laws of Utah 1995, Chapter 42

25 **59-10-1006**, as renumbered and amended by Laws of Utah 2006, Chapter 223

27 *Be it enacted by the Legislature of the state of Utah:*



28 Section 1. Section **59-7-609** is amended to read:

29 **59-7-609. Historic rehabilitation credit.**

30 (1) (a) [~~For tax years beginning January 1, 1993, and thereafter, there is allowed to a~~
31 ~~taxpayer subject~~] Subject to Section 59-7-104, a taxpayer may claim as a credit against the tax
32 due, an amount equal to 20% of qualified rehabilitation expenditures, costing more than
33 \$10,000, incurred in connection with any residential or commercial certified historic building.
34 When qualifying expenditures of more than \$10,000 are incurred, the credit allowed by this
35 section shall apply to the full amount of expenditures.

36 (b) All rehabilitation work to which the credit may be applied shall be approved by the
37 State Historic Preservation Office prior to completion of the rehabilitation project as meeting
38 the Secretary of the Interior's Standards for Rehabilitation so that the office can provide
39 corrective comments to the taxpayer in order to preserve the historical qualities of the building.

40 (c) (i) A taxpayer may sell or assign all or a portion of a tax credit under this section.

41 (ii) A person to whom another person sells or assigns all or a portion of a tax credit
42 under this section may sell or assign all or a portion of the tax credit to which the person is
43 entitled.

44 (iii) There is no limit on the number of transactions for the sale or assignment of all or
45 a portion of a tax credit under this section.

46 [~~(c)~~] (d) Any amount of credit remaining may be carried forward to each of the five
47 taxable years following the qualified expenditures.

48 [~~(d)~~] (e) The commission, in consultation with the Division of State History, shall
49 promulgate rules to implement this section.

50 (2) As used in this section:

51 (a) "Certified historic building" means a building that is listed on the National Register
52 of Historic Places within three years of taking the credit under this section or that is located in a
53 National Register Historic District and the building has been designated by the Division of
54 State History as being of significance to the district.

55 (b) (i) "Qualified rehabilitation expenditures" means any amount properly chargeable
56 to the rehabilitation and restoration of the physical elements of the building, including the
57 historic decorative elements, and the upgrading of the structural, mechanical, electrical, and
58 plumbing systems to applicable codes.

59 (ii) "Qualified rehabilitation expenditures" does not include expenditures related to:

60 (A) the taxpayer's personal labor;

61 (B) cost of acquisition of the property;

62 (C) any expenditure attributable to the enlargement of an existing building;

63 (D) rehabilitation of a certified historic building without the approval required in

64 Subsection (1)(b); or

65 (E) any expenditure attributable to landscaping and other site features, outbuildings,
66 garages, and related features.

67 (c) "Residential" means a building used for residential use, either owner occupied or
68 income producing.

69 Section 2. Section **59-10-1006** is amended to read:

70 **59-10-1006. Historic rehabilitation tax credit.**

71 (1) (a) [~~For tax years beginning January 1, 1993, and thereafter, there is allowed to a~~] A
72 claimant, estate, or trust, may claim as a nonrefundable tax credit against the income tax due,
73 an amount equal to 20% of qualified rehabilitation expenditures, costing more than \$10,000,
74 incurred in connection with any residential or commercial certified historic building. When
75 qualifying expenditures of more than \$10,000 are incurred, the tax credit allowed by this
76 section shall apply to the full amount of expenditures.

77 (b) All rehabilitation work to which the tax credit may be applied shall be approved by
78 the State Historic Preservation Office prior to completion of the rehabilitation project as
79 meeting the Secretary of the Interior's Standards for Rehabilitation so that the office can
80 provide corrective comments to the claimant, estate, or trust in order to preserve the historical
81 qualities of the building.

82 (c) (i) A claimant, estate, or trust may sell or assign all or a portion of a tax credit under
83 this section.

84 (ii) A person to whom another person sells or assigns all or a portion of a tax credit
85 under this section may sell or assign all or a portion of the tax credit to which the person is
86 entitled.

87 (iii) There is no limit on the number of transactions for the sale or assignment of all or
88 a portion of a tax credit under this section.

89 [~~(e)~~] (d) Any amount of tax credit remaining may be carried forward to each of the five

90 taxable years following the qualified expenditures.

91 ~~[(d)]~~ (e) The commission, in consultation with the Division of State History, shall
92 promulgate rules to implement this section.

93 (2) As used in this section:

94 (a) "Certified historic building" means a building that is listed on the National Register
95 of Historic Places within three years of taking the credit under this section or that is located in a
96 National Register Historic District and the building has been designated by the Division of
97 State History as being of significance to the district.

98 (b) (i) "Qualified rehabilitation expenditures" means any amount properly chargeable
99 to the rehabilitation and restoration of the physical elements of the building, including the
100 historic decorative elements, and the upgrading of the structural, mechanical, electrical, and
101 plumbing systems to applicable codes.

102 (ii) "Qualified rehabilitation expenditures" does not include expenditures related to:

103 (A) a claimant's, estate's, or trust's personal labor;

104 (B) cost of acquisition of the property;

105 (C) any expenditure attributable to the enlargement of an existing building;

106 (D) rehabilitation of a certified historic building without the approval required in
107 Subsection (1)(b); or

108 (E) any expenditure attributable to landscaping and other site features, outbuildings,
109 garages, and related features.

110 (c) "Residential" means a building used for residential use, either owner occupied or
111 income producing.

112 Section 3. **Retrospective operation.**

113 This bill has retrospective operation for a taxable year beginning on or after January 1,
114 2022.