

2008 AMENDMENTS TO THE MAINE CREDIT FOR REHABILITATION OF HISTORIC PROPERTIES

Representative Ted Koffman (D-Bar Harbor) sponsored legislation amending Maine's Historic Rehabilitation Tax Credit that passed on March 31 as part of the 2008 Supplemental Budget. Recognizing that Maine's "Quality of Place" is improved by the cumulative impact of both large and small scale historic rehabilitation projects, the amendment language was crafted specifically to support both types of projects.

Overview of LD 262:

- the credit is equal to 25% of certified rehabilitation expenses
- the \$100,000 per taxpayer per year cap has been replaced with a \$5 million per project cap
- the credit is fully refundable
- the credit refund is intended to be fully transferable
- buildings must be certified historic structures in Maine that are income producing
- the Maine credit can be used in conjunction with the Federal Historic Rehabilitation Tax Credit
- the rehabilitation project must meet the *Secretary of the Interior's Standards for Rehabilitation*
- the rehabilitation project must meet the Substantial Rehabilitation unless qualified rehabilitation expenditures are between \$50,000 and \$250,000
- certified rehabilitation projects with qualified rehabilitation expenditures between \$50,000 and \$250,000 do not have to meet the Substantial Rehabilitation requirements if the owner does not wish to use the Federal Historic Rehabilitation Credit.

What is a tax credit?

A tax credit is a dollar-for-dollar reduction in taxes owed. The Historic Rehabilitation Tax Credit is based on historic building rehabilitation costs, equaling 25% of qualified rehabilitation expenditures.

What buildings are eligible?

Income producing historic buildings in Maine that are individually listed in the National Register of Historic Places, or have been certified as contributing to a National Register or Certified Local Historic District.

Who do I contact to find out about the National Register listing status of my building?

The Maine Historic Preservation Commission at 207-287-2132 ext. 2 or your local government if part of a Certified Local Government historic district.

Who can apply?

Owners holding the fee simple interest in or qualified lessees of an historic building.

What expenditures qualify?

Expenditures for exterior and interior rehabilitation work on an historic building including architectural or engineering fees and cost of preparing National Register nominations. Qualified expenditures do not include acquisition costs, expenditures to expand or enlarge a building or expenditure to furnish a building. Qualified expenses will mirror the federal tax credit program.

What is the intent of the small projects provision?

The intent of the small projects provision is to remove the 100% of adjusted basis investment threshold set by Section 47 of the IRS code for projects with an investment between \$50,000 and \$250,000.

What is the application process?

Owners or qualified lessees must submit a Historic Preservation Certification Application to the Maine Historic Preservation Commission for review. The project will be approved if: (1) the building is a certified historic building, and (2) the rehabilitation meets the *Secretary of the Interior's Standards for Rehabilitation*. An application fee will be charged for administrative purposes.

When will the amended credit be available?

For qualified expenditures incurred after January 1, 2008 application forms will be available late summer/early fall.

For more information contact Mike Johnson, Rehabilitation Tax Incentives Coordinator at mike.d.johnson@maine.gov.

