

HOUSE RESEARCH

Bill Summary

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Subject: Modifications to historic structure rehabilitation credit

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Overview

Makes several changes to the historic structure credit:

- 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 credit certificates and grants to be transferred in whole or in part up to three times
- Modifies definitions to more closely match those used for the federal credit

- 1** **Definitions.** Adds definitions of the terms "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.

Effective retroactively to the inception of the credit statute.

- 2** **Applications.** Allows determinations of the State Historic Preservation Office of the Minnesota Historical Society regarding project eligibility for the historic credit to be appealed through a contested case procedure under chapter 14.

Effective retroactively to the inception of the credit statute.

- 3** **Assignment of credit certificates and grants.** Allows recipients of either tax credit certificates or grants to assign the credit or grant to one or more other individuals or entities, and for credits and grants to be transferred up to three times without the consent of the commissioner. Present law allows tax credit certificates to be assigned once, and does not allow grants to be assigned. Also changes "qualified rehabilitation expenses" to "qualified rehabilitation expenditures," matching the new definition provided in section 1.

Effective retroactively to the inception of the credit statute.

- 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 retroactively to the inception of the credit statute.

- 5 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. 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, 2012. 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.