

113TH CONGRESS
1ST SESSION

H. R. 877

To amend the Internal Revenue Code of 1986 to expand the incentives for the rehabilitation of older buildings, including owner-occupied residences.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2013

Mr. TURNER (for himself, Mr. HOLT, Mr. CICILLINE, Mr. LANGEVIN, Mr. HIGGINS, Mr. KEATING, Mr. BLUMENAUER, and Mr. STIVERS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand the incentives for the rehabilitation of older buildings, including owner-occupied residences.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Historic Homeowner-
5 ship Revitalization Act of 2013”.

6 **SEC. 2. HISTORIC HOME OWNERSHIP REHABILITATION**
7 **CREDIT.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to nonrefundable personal credits) is
2 amended by inserting after section 25D the following new
3 section:

4 **“SEC. 25E. HISTORIC HOME OWNERSHIP REHABILITATION**
5 **CREDIT.**

6 “(a) GENERAL RULE.—In the case of an individual,
7 there shall be allowed as a credit against the tax imposed
8 by this chapter for the taxable year an amount equal to
9 20 percent of the qualified rehabilitation expenditures
10 made by the taxpayer with respect to a qualified historic
11 home.

12 “(b) DOLLAR LIMITATION.—The credit allowed by
13 subsection (a) with respect to any residence of a taxpayer
14 shall not exceed \$60,000 (\$30,000 in the case of a married
15 individual filing a separate return).

16 “(c) QUALIFIED REHABILITATION EXPENDITURE.—
17 For purposes of this section—

18 “(1) IN GENERAL.—The term ‘qualified reha-
19 bilitation expenditure’ means any amount properly
20 chargeable to capital account—

21 “(A) in connection with the certified reha-
22 bilitation of a qualified historic home, and

23 “(B) for property for which depreciation
24 would be allowable under section 168 if the

1 qualified historic home were used in a trade or
2 business.

3 “(2) CERTAIN EXPENDITURES NOT IN-
4 CLUDED.—

5 “(A) EXTERIOR.—Such term shall not in-
6 clude any expenditure in connection with the re-
7 habilitation of a building unless at least 5 per-
8 cent of the total expenditures made in the reha-
9 bilitation process are allocable to the rehabilita-
10 tion of the exterior of such building.

11 “(B) OTHER RULES TO APPLY.—Rules
12 similar to the rules of clauses (ii) and (iii) of
13 section 47(c)(2)(B) shall apply.

14 “(3) MIXED USE OR MULTIFAMILY BUILDING.—
15 If only a portion of a building is used as the prin-
16 cipal residence of the taxpayer, only qualified reha-
17 bilitation expenditures which are properly allocable
18 to such portion shall be taken into account under
19 this section.

20 “(d) CERTIFIED REHABILITATION.—For purposes of
21 this section—

22 “(1) IN GENERAL.—The term ‘certified reha-
23 bilitation’ has the meaning given such term by sec-
24 tion 47(c)(2)(C).

1 “(2) APPROVED STATE PROGRAM.—The term
2 ‘certified rehabilitation’ includes a certification made
3 by—

4 “(A) a State Historic Preservation Officer
5 who administers a State Historic Preservation
6 Program approved by the Secretary of the Inte-
7 rior pursuant to section 101(b)(1) of the Na-
8 tional Historic Preservation Act, or

9 “(B) a local government, certified pursuant
10 to section 101(c)(1) of the National Historic
11 Preservation Act and authorized by a State
12 Historic Preservation Officer, or the Secretary
13 of the Interior where there is no approved State
14 program, subject to such terms and conditions
15 as may be specified by the Secretary of the In-
16 terior for the rehabilitation of buildings within
17 the jurisdiction of such officer (or local govern-
18 ment) for purposes of this section.

19 “(e) DEFINITIONS AND SPECIAL RULES.—For pur-
20 poses of this section—

21 “(1) QUALIFIED HISTORIC HOME.—The term
22 ‘qualified historic home’ means a certified historic
23 structure—

24 “(A) which has been substantially rehabili-
25 tated, and

1 “(B) which (or any portion of which)—
2 “(i) is owned by the taxpayer, and
3 “(ii) is used (or will, within a reason-
4 able period, be used) by such taxpayer as
5 his principal residence.

6 “(2) SUBSTANTIALLY REHABILITATED.—The
7 term ‘substantially rehabilitated’ has the meaning
8 given such term by section 47(c)(1)(C).

9 “(3) PRINCIPAL RESIDENCE.—The term ‘prin-
10 cipal residence’ has the same meaning as when used
11 in section 121.

12 “(4) CERTIFIED HISTORIC STRUCTURE.—The
13 term ‘certified historic structure’ means any building
14 (and its structural components) which—

15 “(A) is listed in the National Register, or

16 “(B) is located in a registered historic dis-
17 trict (as defined in section 47(c)(3)(B)) and is
18 certified by the Secretary of the Interior as
19 being of historic significance to the district.

20 “(5) REHABILITATION NOT COMPLETE BEFORE
21 CERTIFICATION.—A rehabilitation shall not be treat-
22 ed as complete before the date of the certification re-
23 ferred to in subsection (d).

24 “(6) TENANT-STOCKHOLDER IN COOPERATIVE
25 HOUSING CORPORATION.—If the taxpayer holds

1 stock as a tenant-stockholder (as defined in section
2 216) in a cooperative housing corporation (as de-
3 fined in such section), such stockholder shall be
4 treated as owning the house or apartment which the
5 taxpayer is entitled to occupy as such stockholder.

6 “(7) ALLOCATION OF EXPENDITURES RELAT-
7 ING TO EXTERIOR OF BUILDING CONTAINING COOP-
8 ERATIVE OR CONDOMINIUM UNITS.—The percentage
9 of the total expenditures made in the rehabilitation
10 of a building containing cooperative or condominium
11 residential units allocated to the rehabilitation of the
12 exterior of the building shall be attributed propor-
13 tionately to each cooperative or condominium resi-
14 dential unit in such building for which a credit
15 under this section is claimed.

16 “(8) CARRYBACK AND CARRYFORWARD OF
17 CREDIT UNUSED BY REASON OF LIMITATION BASED
18 ON TAX LIABILITY.—

19 “(A) IN GENERAL.—If the credit allowable
20 under subsection (a) for any taxable year ex-
21 ceeds the tax limit for such taxable year, such
22 excess shall be a carryback to the preceding
23 taxable year and a carryforward to each of the
24 3 succeeding taxable years and, subject to the
25 limitations of subparagraph (B), shall be added

1 to the credit allowable by subsection (a) for
2 such preceding or succeeding taxable year, as
3 the case may be.

4 “(B) AMOUNT CARRIED TO EACH YEAR.—
5 Rules similar to the rules of section 39(a)(2)
6 shall apply for purposes of this paragraph.

7 “(C) LIMITATION.—The amount of the un-
8 used credit which may be taken into account
9 under subparagraph (A) for any taxable year
10 shall not exceed the amount (if any) by which
11 the tax limit for such taxable year exceeds the
12 sum of—

13 “(i) the credit allowable under sub-
14 section (a) for such taxable year deter-
15 mined without regard to this paragraph,
16 and

17 “(ii) the amounts which, by reason of
18 this paragraph, are carried to such taxable
19 year and are attributable to taxable years
20 before the unused credit year.

21 “(D) TAX LIMIT.—For purposes of this
22 paragraph, the term ‘tax limit’ means the limi-
23 tation imposed by section 26(a) for the taxable
24 year reduced by the sum of the credits allow-

1 able under this subpart (other than this sec-
2 tion).

3 “(9) CREDIT MAY BE ASSIGNED.—The amount
4 of qualified rehabilitation expenditures which would
5 (but for this paragraph) be taken into account under
6 subsection (a) for any taxable year by any person
7 (hereafter in this paragraph referred to as the ‘ini-
8 tial taxpayer’)—

9 “(A) may be taken into account by any
10 other person to whom such expenditures are as-
11 signed by the initial taxpayer, and

12 “(B) shall not be taken to account by ini-
13 tial taxpayer.

14 Any person to whom such expenditures are assigned
15 under subparagraph (A) shall be treated for pur-
16 poses of this title as the taxpayer with respect to
17 such expenditures.

18 “(f) WHEN EXPENDITURES TAKEN INTO AC-
19 COUNT.—In the case of a building other than a building
20 to which subsection (g) applies, qualified rehabilitation ex-
21 penditures shall be treated for purposes of this section as
22 made—

23 “(1) on the date the rehabilitation is completed,
24 or

1 “(2) to the extent provided by the Secretary by
2 regulation, when such expenditures are properly
3 chargeable to capital account.

4 Regulations under paragraph (2) shall include a rule simi-
5 lar to the rule under section 50(a)(2) (relating to recap-
6 ture if property ceases to qualify for progress expendi-
7 tures).

8 “(g) ALLOWANCE OF CREDIT FOR PURCHASE OF RE-
9 HABILITATED HISTORIC HOME.—

10 “(1) IN GENERAL.—In the case of a qualified
11 purchased historic home, the taxpayer shall be treat-
12 ed as having made (on the date of purchase) the ex-
13 penditures made by the seller of such home. For
14 purposes of the preceding sentence, expenditures
15 made by the seller shall be deemed to be qualified
16 rehabilitation expenditures if such expenditures, if
17 made by the purchaser, would be qualified rehabili-
18 tation expenditures.

19 “(2) QUALIFIED PURCHASED HISTORIC
20 HOME.—For purposes of this subsection, the term
21 ‘qualified purchased historic home’ means any sub-
22 stantially rehabilitated certified historic structure
23 purchased by the taxpayer if—

24 “(A) the taxpayer is the first purchaser of
25 such structure after the date rehabilitation is

1 completed, and the purchase occurs within 5
2 years after such date,

3 “(B) the structure (or a portion thereof)
4 will, within a reasonable period, be the principal
5 residence of the taxpayer,

6 “(C) no credit was allowed to the seller
7 under this section or section 47 with respect to
8 such rehabilitation, and

9 “(D) the taxpayer is furnished with such
10 information as the Secretary determines is nec-
11 essary to determine the credit under this sub-
12 section.

13 “(h) RECAPTURE.—

14 “(1) IN GENERAL.—If, before the end of the 5-
15 year period beginning on the date on which the reha-
16 bilitation of the building is completed (or, if sub-
17 section (g) applies, the date of purchase of such
18 building by the taxpayer)—

19 “(A) the taxpayer disposes of such tax-
20 payer’s interest in such building, or

21 “(B) such building ceases to be used as the
22 principal residence of the taxpayer or ceases to
23 be a certified historic structure, the taxpayer’s
24 tax imposed by this chapter for the taxable year
25 in which such disposition or cessation occurs

1 shall be increased by the recapture percentage
2 of the credit allowed under this section for all
3 prior taxable years with respect to such reha-
4 bilitation.

5 “(2) RECAPTURE PERCENTAGE.—For purposes
6 of paragraph (1), the recapture percentage shall be
7 determined in accordance with the table under sec-
8 tion 50(a)(1)(B), deeming such table to be amend-
9 ed—

10 “(A) by striking ‘If the property ceases to
11 be investment credit property within—’ and in-
12 serting ‘If the disposition or cessation occurs
13 within—’, and

14 “(B) in clause (i) by striking ‘One full year
15 after placed in service’ and inserting ‘One full
16 year after the taxpayer becomes entitled to the
17 credit’.

18 “(3) TRANSFER BETWEEN SPOUSES OR INCI-
19 DENT TO DIVORCE.—In the case of any transfer de-
20 scribed in subsection (a) of section 1041 (relating to
21 transfers between spouses or incident to divorce)—

22 “(A) the foregoing provisions of this sub-
23 section shall not apply, and

24 “(B) the same tax treatment under this
25 subsection with respect to the transferred prop-

1 erty shall apply to the transferee as would have
2 applied to the transferor.

3 “(i) BASIS ADJUSTMENTS.—For purposes of this
4 subtitle, if a credit is allowed under this section for any
5 expenditure with respect to any property (including any
6 purchase under subsection (g)), the increase in the basis
7 of such property which would (but for this subsection) re-
8 sult from such expenditure shall be reduced by the amount
9 of the credit so allowed.

10 “(j) PROCESSING FEES.—Any State may impose a
11 fee for the processing of applications for the certification
12 of any rehabilitation under this section provided that the
13 amount of such fee is used only to defray expenses associ-
14 ated with the processing of such applications.

15 “(k) DENIAL OF DOUBLE BENEFIT.—No credit shall
16 be allowed under this section for any amount for which
17 credit is allowed under section 47.

18 “(l) REGULATIONS.—The Secretary shall prescribe
19 such regulations as may be appropriate to carry out the
20 purposes of this section, including regulations where less
21 than all of a building is used as a principal residence and
22 where more than 1 taxpayer use the same dwelling unit
23 as their principal residence.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1)(A) Subparagraph (C) of section 25(e)(1) of
2 such Code is amended by inserting “25E,” after
3 “sections 25D,”.

4 (B) Section 25D(e) of such Code is amended by
5 inserting “and section 25E” after “(other than this
6 section”.

7 (C) Section 1400C(d) of such Code is amended
8 by striking “section 25D” and inserting “sections
9 25D and 25E”.

10 (2) Subsection (a) of section 1016 of such Code
11 is amended by striking “and” at the end of para-
12 graph (36), by striking the period at the end of
13 paragraph (37) and inserting “, and”, and by add-
14 ing at the end the following new item:

15 “(38) to the extent provided in section
16 25E(i).”.

17 (c) CLERICAL AMENDMENT.—The table of sections
18 for subpart A of part IV of subchapter A of chapter 1
19 of such Code is amended by inserting after the item relat-
20 ing to section 25D the following new item:

“Sec. 25E. Historic home ownership rehabilitation credit.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply with respect to rehabilitations the
23 physical work on which begins after the date of enactment
24 of this Act.

1 **SEC. 3. EXPANSION OF INCENTIVES FOR BUILDING REHA-**
2 **BILITATION.**

3 (a) INCREASE IN REHABILITATION CREDIT FOR
4 BUILDINGS IN HIGH COST AREAS.—Paragraph (2) of
5 subsection 47(c) of such Code (defining qualified rehabili-
6 tation expenditures) is amended by adding at the end the
7 following new subparagraph:

8 “(E) INCREASE IN CREDIT FOR BUILDINGS
9 IN HIGH COST AREAS.—In the case of any
10 qualified rehabilitated building which is residen-
11 tial rental property (as defined in subparagraph
12 (D)) located in a qualified census tract or dif-
13 ficult development area which is designated for
14 purposes of section 42(d)(5)(C), the qualified
15 rehabilitation expenditures taken into account
16 under this section shall be 130 percent of such
17 expenditures determined without regard to this
18 subparagraph.”.

19 (b) REHABILITATION CREDIT MAY BE TRANS-
20 FERRED.—

21 (1) IN GENERAL.—Subsection (b) of section 47
22 of such Code (relating to when expenditures taken
23 into account) is amended by adding at the end the
24 following new paragraph:

25 “(3) CREDIT MAY BE ASSIGNED.—The amount
26 of qualified rehabilitation expenditures with respect

1 to property described in which would (but for this
 2 paragraph) be taken into account under subsection
 3 (a) for any taxable year by any person (hereafter in
 4 this paragraph referred to as the ‘initial tax-
 5 payer’)—

6 “(A) may be taken into account by any
 7 other person to whom such expenditures are as-
 8 signed by the initial taxpayer, and

9 “(B) shall not be taken to account by ini-
 10 tial taxpayer.

11 Any person to whom such expenditures are assigned
 12 under subparagraph (A) shall be treated for pur-
 13 poses of this title as the taxpayer with respect to
 14 such expenditures.”.

15 (2) CONFORMING AMENDMENT.—The heading
 16 for such subsection (b) is amended by inserting “;
 17 ELIGIBILITY FOR CREDIT MAY BE ASSIGNED” after
 18 “ACCOUNT”.

19 (c) APPLICABILITY TO BUILDINGS HELD FOR
 20 SALE.—

21 (1) IN GENERAL.—

22 (A) Clause (iv) of section 47(c)(1)(A) of
 23 such Code is amended to read as follows:

24 “(iv) depreciation (or amortization in
 25 lieu of depreciation)—

1 “(I) is allowable with respect to
2 such building, or

3 “(II) in the case of a residential
4 property, would be allowable with re-
5 spect to such building but for the
6 building being held for sale.”.

7 (B) Paragraph (2) of section 47(e) of such
8 Code is amended by adding at the end the fol-
9 lowing new subparagraph:

10 “(E) SPECIAL RULE FOR CERTAIN PROP-
11 PERTY HELD FOR SALE.—For purposes of this
12 paragraph, in the case of a qualified rehabili-
13 tated building described in paragraph
14 (1)(A)(iv)(II), such building shall be treated as
15 owned by the taxpayer as rental property with
16 respect to which the straight line depreciation
17 method is used over a recovery period deter-
18 mined under subsection (c) or (g) of section
19 168.”.

20 (2) CONFORMING AMENDMENT.—Paragraph (4)
21 of section 50(a) of such Code is amended by striking
22 “or” at the end of subparagraph (A), but striking
23 the period at the end of subparagraph (B) and in-
24 serting “, or”, and by inserting after subparagraph
25 (B) the following new subparagraph:

1 “(C) property described in section
2 47(c)(1)(A)(iv)(II) that has not otherwise
3 ceased to be investment property.”.

4 (d) **EFFECTIVE DATE.**—The amendments made by
5 this section shall apply with respect to rehabilitations the
6 physical work on which begins after the date of enactment
7 of this Act.

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