

116TH CONGRESS
1ST SESSION

H. R. 2825

To amend the Internal Revenue Code of 1986 to modify the rehabilitation credit for certain small projects, to eliminate the requirement that the taxpayer's basis in a building be reduced by the amount of the rehabilitation credit determined with respect to such building, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2019

Mr. BLUMENAUER (for himself, Mr. KELLY of Pennsylvania, Ms. SEWELL of Alabama, Mr. LAHOOD, Mr. HIGGINS of New York, and Mr. TURNER) 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 modify the rehabilitation credit for certain small projects, to eliminate the requirement that the taxpayer's basis in a building be reduced by the amount of the rehabilitation credit determined with respect to such building, and for other purposes.

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 Tax Credit
5 Growth and Opportunity Act of 2019”.

1 **SEC. 2. INCREASE IN THE REHABILITATION CREDIT FOR**
2 **CERTAIN SMALL PROJECTS.**

3 (a) IN GENERAL.—Section 47 of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end the
5 following new subsection:

6 “(e) SPECIAL RULE REGARDING CERTAIN SMALLER
7 PROJECTS.—

8 “(1) IN GENERAL.—In the case of any qualified
9 rehabilitated building or portion thereof—

10 “(A) which is placed in service after the
11 date of the enactment of this subsection, and

12 “(B) which is a smaller project,
13 subsection (a)(2) shall be applied by substituting ‘30
14 percent’ for ‘20 percent’.

15 “(2) MAXIMUM CREDIT.—The credit deter-
16 mined under this subsection with respect to any
17 smaller project for all taxable years shall not exceed
18 \$750,000.

19 “(3) SMALLER PROJECT DEFINED.—

20 “(A) IN GENERAL.—For purposes of this
21 subsection, the term ‘smaller project’ means
22 any qualified rehabilitated building or portion
23 thereof if—

24 “(i) the qualified rehabilitation ex-
25 penditures taken into account for purposes
26 of this section (or would have been so

1 taken into account if this subsection had
 2 been in effect for all prior periods) with re-
 3 spect to the rehabilitation are not over
 4 \$3,750,000, and

5 “(ii) no credit was allowed under this
 6 section for either of the 2 prior taxable
 7 years with respect to such building.

8 “(B) PROGRESS EXPENDITURES.—Credit
 9 allowable by reason of subsection (d) shall not
 10 be taken into account under subparagraph
 11 (A)(ii).”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 this section shall apply to periods after the date of the
 14 enactment of this Act, under rules similar to the rules of
 15 section 48(m) of the Internal Revenue Code of 1986 (as
 16 in effect on the day before the date of the enactment of
 17 the Revenue Reconciliation Act of 1990).

18 **SEC. 3. ALLOWANCE FOR THE TRANSFER OF CREDITS FOR**
 19 **CERTAIN SMALL PROJECTS.**

20 (a) IN GENERAL.—Section 47(e) of the Internal Rev-
 21 enue Code of 1986, as amended by section 2, is amended
 22 by adding at the end the following new subsection:

23 “(4) TRANSFER OF SMALLER PROJECT CRED-
 24 IT.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B) and such regulations or other guid-
3 ance as the Secretary may provide, the taxpayer
4 may transfer all or a portion of the credit allow-
5 able to the taxpayer under subsection (a) for a
6 smaller project.

7 “(B) CERTIFICATION.—

8 “(i) IN GENERAL.—A transfer under
9 subparagraph (A) shall be accompanied by
10 a certificate which includes—

11 “(I) the certification for the cer-
12 tified historic structure referred to in
13 subsection (c)(3),

14 “(II) the taxpayer’s name, ad-
15 dress, tax identification number, date
16 of project completion, and the amount
17 of credit being transferred,

18 “(III) the transferee’s name, ad-
19 dress, tax identification number, and
20 the amount of credit being trans-
21 ferred, and

22 “(IV) such other information as
23 may be required by the Secretary.

24 “(ii) TRANSFERABILITY OF CERTIFI-
25 CATE.—A certificate issued under this sec-

tion to a taxpayer shall be transferable to any other taxpayer.

“(C) TAX TREATMENT RELATING TO CERTIFICATE.—

“(i) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed for the amount of consideration paid or incurred by the transferee.

“(ii) ALLOWANCE OF CREDIT.—The amount of credit transferred under subparagraph (A)—

“(I) shall not be allowed to the transferor for any taxable year, and

“(II) shall be allowable to the transferee as a credit under this section for the taxable year of the transferee in which such credit is transferred.

“(iii) EXCLUSION.—Gross income shall not include any amount received in connection with the transfer of the certificate.

“(D) RECAPTURE AND OTHER SPECIAL RULES.—The taxpayer who claims a credit under this section by reason of a transfer of an

amount of credit under subparagraph (A) with respect to a smaller project shall be treated as the taxpayer with respect to the smaller project for purposes of section 50.

“(E) INFORMATION REPORTING.—The transferor and the transferee shall each make such reports regarding the transfer of an amount of credit under paragraph (A) and containing such information as the Secretary may require. The reports required by this subsection shall be filed at such time and in such manner as may be required by the Secretary.

“(F) REGULATIONS.—The Secretary shall prescribe regulations or other guidance to carry out this paragraph.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after the date of the enactment of this Act.

SEC. 4. INCREASING THE TYPE OF BUILDINGS ELIGIBLE FOR REHABILITATION.

(a) IN GENERAL.—Section 47(c)(1)(B)(i)(I) of the Internal Revenue Code of 1986 is amended by inserting “50 percent of” before “the adjusted basis”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years beginning after
3 the date of the enactment of this Act.

4 **SEC. 5. ELIMINATION OF REHABILITATION CREDIT BASIS**
5 **ADJUSTMENT.**

6 (a) IN GENERAL.—Section 50(c) of the Internal Rev-
7 enue Code of 1986 is amended by adding at the end the
8 following new paragraph:

9 “(6) EXCEPTION FOR REHABILITATION CRED-
10 IT.—In the case of the rehabilitation credit, para-
11 graph (1) shall not apply.”.

12 (b) TREATMENT IN CASE OF CREDIT ALLOWED TO
13 LESSEE.—Section 50(d) of such Code is amended by add-
14 ing at the end the following: “In the case of the rehabilita-
15 tion credit, paragraph (5)(B) of the section 48(d) referred
16 to in paragraph (5) of this subsection shall not apply.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to property placed in service after
19 the date of the enactment of this Act.

20 **SEC. 6. MODIFICATIONS REGARDING CERTAIN TAX-EXEMPT**
21 **USE PROPERTY.**

22 (a) IN GENERAL.—Section 47(c)(2)(B)(v) of the In-
23 ternal Revenue Code of 1986 is amended by adding at the
24 end the following new subclause:

1 “(III) DISQUALIFIED LEASE
2 RULES TO APPLY ONLY IN CASE OF
3 GOVERNMENT ENTITY.—For purposes
4 of subclause (I), except in the case of
5 a tax-exempt entity described in sec-
6 tion 168(h)(2)(A)(i), the determina-
7 tion of whether property is tax-exempt
8 use property shall be made under sec-
9 tion 168(h) without regard to whether
10 the property is leased in a disqualified
11 lease (as defined in section
12 168(h)(1)(B)(ii)).”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to property placed in service after
15 the date of the enactment of this Act.

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