
A BILL FOR AN ACT

RELATING TO HISTORIC STRUCTURES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 6E, Hawaii Revised Statutes, is amended
2 by adding a new section to be appropriately designated and to
3 read as follows:

4 "§6E- Historic preservation revolving fund. (a) There
5 is established the historic preservation revolving fund, into
6 which shall be deposited:

7 (1) All legislative appropriations to the historic
8 preservation revolving fund; and

9 (2) All county appropriations to the historic preservation
10 revolving fund;

11 provided that, for each fiscal year, all legislative
12 appropriations to the historic preservation revolving fund shall
13 equal one-half of all county appropriations to the historic
14 preservation revolving fund.

15 (b) The historic preservation revolving fund shall be
16 administered by the state historic preservation division.

17 Moneys in the revolving fund shall be expended for the historic



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1 preservation income tax credit under section 235- ; provided
2 that:

3 (1) Moneys in the fund equal to the total amount of
4 historic preservation income tax credits approved in
5 the previous year shall be paid to the credit of the
6 general fund on an annual basis;

7 (2) The director of taxation shall report annually to the
8 state historic preservation division on the total
9 amount of the historic preservation income tax credits
10 approved in the previous year; and

11 (3) The director of taxation and the state historic
12 preservation division each may adopt rules pursuant to
13 chapter 91 to effectuate this section."

14 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§235- Historic preservation income tax credit. (a)
18 Any law to the contrary notwithstanding, there shall be allowed
19 to each taxpayer subject to the taxes imposed by this chapter,
20 an income tax credit, which shall be deductible from the
21 taxpayer's net income tax liability, if any, imposed by this
22 chapter for the taxable year in which the tax credit is properly



1 claimed. For each rehabilitation plan accepted by qualified
2 staff of the state historic preservation division of the
3 department of land and natural resources, the amount of tax
4 credit shall be:

5 (1) Twenty-five per cent of the projected qualified
6 rehabilitation expenditures; or

7 (2) Thirty per cent of the projected qualified
8 expenditures for rehabilitation plans; provided that:

9 (A) At least twenty per cent of the units are rental
10 units and qualify as affordable housing; or

11 (B) At least ten per cent of the units are individual
12 homeownership units and qualify as affordable
13 housing.

14 (b) The tax credit allowed under this section shall be
15 available in the tax year in which the substantially
16 rehabilitated historic structure is placed in service. In the
17 case of projects completed in phases, the tax credit shall be
18 prorated to the substantially rehabilitated identifiable portion
19 of the building placed in service.

20 (c) In the case of a partnership, S corporation, estate,
21 trust, or any developer of a rehabilitated historic structure,
22 the tax credit allowable shall be as provided under subsection



1 (b) for the taxable year. The cost upon which the tax credit is
2 computed shall be determined at the entity level and the
3 distribution and share of the tax credit shall be determined
4 pursuant to section 235-110.7(a).

5 (d) If the tax credit under this section exceeds the
6 taxpayer's income tax liability, the excess of credits over
7 liability shall be refunded to the taxpayer, provided that no
8 refunds or payment on account of the tax credits allowed by this
9 section shall be made for amounts less than \$1.

10 (e) All claims, including any amended claims, for tax
11 credits under this section shall be filed on or before the end
12 of the twelfth month following the close of the taxable year for
13 which the credit may be claimed. Failure to comply with the
14 foregoing provision shall constitute a waiver of the right to
15 claim the credit.

16 (f) Qualified staff of the state historic preservation
17 division shall develop standards and criteria for the approval
18 of rehabilitation of certified historic structures for which the
19 tax credit under this section is sought. The standards and
20 criteria shall take into account whether the rehabilitation of a
21 certified historic structure will preserve the historic
22 character of the building.



1 (g) Following the completion of rehabilitation of a
2 certified historic structure, the taxpayer shall notify the
3 state historic preservation division that the rehabilitation has
4 been completed. The taxpayer shall provide the state historic
5 preservation division with documentation of the costs incurred
6 in rehabilitating the historic structure and shall submit
7 certification of the costs incurred in rehabilitating the
8 historic structure. Qualified staff of the state historic
9 preservation division shall review the rehabilitation and verify
10 its compliance with the rehabilitation plan.

11 (h) The director of taxation shall prepare any forms that
12 may be necessary to claim a credit under this section. The
13 director may also require the taxpayer to furnish information to
14 ascertain the validity of the claim for credit made under this
15 section and may adopt rules necessary to effectuate the purposes
16 of this section pursuant to chapter 91.

17 (i) The aggregate amount of tax credits claimed for
18 qualified rehabilitation projects shall not exceed \$ per
19 taxable year and the Hawaii historic places review board shall
20 be required to monitor, and inform the department of taxation
21 of, the annual projected tax credit amount.



1 (j) The state historic preservation division, in
2 consultation with the department of taxation, on an annual
3 basis, shall determine the type of information that is necessary
4 to enable a quantitative and qualitative assessment of the
5 outcomes of an application for the tax credit.

6 Every taxpayer claiming a tax credit under this section, no
7 later than the last day of the twelfth month following the close
8 of the taxable year in which qualified costs were expended,
9 shall submit a written, certified statement to the Hawaii
10 historic places review board.

11 Any taxpayer failing to submit information to the state
12 historic preservation division in the manner prescribed by the
13 state historic preservation division prior to the last day of
14 the twelfth month following the close of the taxable year in
15 which qualified costs were expended shall not be eligible to
16 receive the tax credit, and any credit already claimed for the
17 taxable year shall be recaptured in total. The amount of the
18 recaptured tax credit shall be added to the taxpayer's tax
19 liability for the taxable year in which the recapture occurs.

20 Notwithstanding any law to the contrary, a statement
21 submitted under this subsection shall be a public document.



1 (k) Recapture of a previously claimed credit shall be
2 required from a taxpayer who received a tax credit under this
3 section if any of the following occur:

4 (1) The projected qualified expenditures do not
5 materialize;

6 (2) The qualified rehabilitation plans do not proceed in a
7 timely manner and in accordance with the approved
8 plans; or

9 (3) In the case of the thirty per cent credit under
10 subsection (a) (2):

11 (A) Less than twenty per cent of the units are rental
12 units that qualify as affordable housing; or

13 (B) Less than ten per cent of the units are
14 individual homeownership units that qualify as
15 affordable housing.

16 (1) The state historic preservation division, in
17 consultation with the department of taxation, shall submit a
18 report to the legislature evaluating the effectiveness of the
19 tax credit no later than twenty days prior to the convening of
20 each regular session. The report shall include but not be
21 limited to findings and recommendations to improve the



1 effectiveness of the tax credit in order to further encourage
2 the rehabilitation of historic properties.

3 (m) For the purposes of this section:

4 "Certified historic structure" means any structure that is:

5 (1) Listed individually in the Hawaii register of historic
6 places or the national register of historic places; or

7 (2) Located in a registered historic district and
8 certified by the state historic preservation division
9 as contributing to the historic significance of the
10 district.

11 "Qualified rehabilitation expenditures" means any costs
12 incurred for the physical construction involved in the
13 rehabilitation of a historic structure for mixed residential and
14 nonresidential uses; provided that at least thirty per cent of
15 the total square footage of the rehabilitation is placed into
16 service for residential use. Qualified rehabilitation
17 expenditures shall not include:

18 (1) The taxpayer's personal labor:

19 (2) The cost of a new addition, except as required to
20 comply with the applicable county building code or
21 fire safety code; or



1 (3) Any non-construction cost, such as architectural fees,
2 legal fees, or financing fees.

3 "Qualified staff of the state historic preservation
4 division" means a staff member who meets the National Park
5 Service, Secretary of the Interior's standards for architectural
6 historian or historic architect.

7 "Rehabilitation plan" means any construction plans and
8 specifications for the proposed rehabilitation of a historic
9 structure in sufficient detail for evaluation of compliance with
10 the standards and criteria developed by the state historic
11 preservation division.


12 "Substantial rehabilitation" means the qualified
13 rehabilitation expenditures of a historic structure that exceed
14 twenty-five per cent of the assessed value of the structure."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act, upon its approval, shall apply to
17 taxable years beginning after December 31, 2011.

18

INTRODUCED BY:


Colleen W. L. Chung

JAN 23 2012



H.B. NO. 2420

Report Title:

Historic Preservation Income Tax Credit

Description:

Establishes a tax credit for qualifying rehabilitation expenses of historic structures. Establishes a revolving fund administered by the state historic preservation division to fund the tax credit.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

