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(Original Signature of Member)

116TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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.

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IN THE HOUSE OF REPRESENTATIVES

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Historic Tax Credit  
3 Growth and Opportunity Act of 2019”.

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

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

9 “(e) SPECIAL RULE REGARDING CERTAIN SMALLER  
10 PROJECTS.—

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

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

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

18 “(2) MAXIMUM CREDIT.—The credit deter-  
19 mined under this subsection with respect to any  
20 smaller project for all taxable years shall not exceed  
21 \$750,000.

22 “(3) SMALLER PROJECT DEFINED.—

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

1           “(i) the qualified rehabilitation ex-  
2           penditures taken into account for purposes  
3           of this section (or would have been so  
4           taken into account if this subsection had  
5           been in effect for all prior periods) with re-  
6           spect to the rehabilitation are not over  
7           \$3,750,000, and

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

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

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

21          **SEC. 3. ALLOWANCE FOR THE TRANSFER OF CREDITS FOR**  
22   **CERTAIN SMALL PROJECTS.**

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

1           “(4) TRANSFER OF SMALLER PROJECT CRED-  
2 IT.—

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

9           “(B) CERTIFICATION.—

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

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

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

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

24           “(IV) such other information as  
25 may be required by the Secretary.

1           “(ii) TRANSFERABILITY OF CERTIFI-  
2           CATE.—A certificate issued under this sec-  
3           tion to a taxpayer shall be transferable to  
4           any other taxpayer.

5           “(C) TAX TREATMENT RELATING TO CER-  
6           TIFICATE.—

7           “(i) DISALLOWANCE OF DEDUC-  
8           TION.—No deduction shall be allowed for  
9           the amount of consideration paid or in-  
10          curred by the transferee.

11          “(ii) ALLOWANCE OF CREDIT.—The  
12          amount of credit transferred under sub-  
13          paragraph (A)—

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

16               “(II) shall be allowable to the  
17               transferee as a credit under this sec-  
18               tion for the taxable year of the trans-  
19               feree in which such credit is trans-  
20               ferred.

21          “(iii) EXCLUSION.—Gross income  
22          shall not include any amount received in  
23          connection with the transfer of the certifi-  
24          cate.

1           “(D) RECAPTURE AND OTHER SPECIAL  
2           RULES.—The taxpayer who claims a credit  
3           under this section by reason of a transfer of an  
4           amount of credit under subparagraph (A) with  
5           respect to a smaller project shall be treated as  
6           the taxpayer with respect to the smaller project  
7           for purposes of section 50.

8           “(E) INFORMATION REPORTING.—The  
9           transferor and the transferee shall each make  
10          such reports regarding the transfer of an  
11          amount of credit under paragraph (A) and con-  
12          taining such information as the Secretary may  
13          require. The reports required by this subsection  
14          shall be filed at such time and in such manner  
15          as may be required by the Secretary.

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

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

1 **SEC. 4. INCREASING THE TYPE OF BUILDINGS ELIGIBLE**  
2 **FOR REHABILITATION.**

3 (a) **IN GENERAL.**—Section 47(c)(1)(B)(i)(I) of the  
4 Internal Revenue Code of 1986 is amended by inserting  
5 “50 percent of” before “the adjusted basis”.

6 (b) **EFFECTIVE DATE.**—The amendment made by  
7 subsection (a) shall apply to taxable years beginning after  
8 the date of the enactment of this Act.

9 **SEC. 5. ELIMINATION OF REHABILITATION CREDIT BASIS**  
10 **ADJUSTMENT.**

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

14 “(6) **EXCEPTION FOR REHABILITATION CRED-**  
15 **IT.**—In the case of the rehabilitation credit, para-  
16 graph (1) shall not apply.”.

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

22 (c) **EFFECTIVE DATE.**—The amendments made by  
23 this section shall apply to property placed in service after  
24 the date of the enactment of this Act.

1 **SEC. 6. MODIFICATIONS REGARDING CERTAIN TAX-EXEMPT**  
2 **USE PROPERTY.**

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

6 “(III) DISQUALIFIED LEASE  
7 RULES TO APPLY ONLY IN CASE OF  
8 GOVERNMENT ENTITY.—For purposes  
9 of subclause (I), except in the case of  
10 a tax-exempt entity described in sec-  
11 tion 168(h)(2)(A)(i), the determina-  
12 tion of whether property is tax-exempt  
13 use property shall be made under sec-  
14 tion 168(h) without regard to whether  
15 the property is leased in a disqualified  
16 lease (as defined in section  
17 168(h)(1)(B)(ii)).”.

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