
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 724 Session of
2023

INTRODUCED BY CIRESI, JAMES, SANCHEZ, MADDEN, PROBST, SAPPEY,
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SCHLOSSBERG AND HOHENSTEIN, MARCH 28, 2023

REFERRED TO COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT,
MARCH 28, 2023

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for historic homeownership preservation
11 incentive tax credit; imposing duties on the Department of
12 Community and Economic Development and the Pennsylvania
13 Historical and Museum Commission; and establishing the
14 Historic Homeowner Preservation Tax Credit Administration
15 Fund.

16 The General Assembly of the Commonwealth of Pennsylvania
17 hereby enacts as follows:

18 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
19 the Tax Reform Code of 1971, is amended by adding an article to
20 read:

21 ARTICLE XVII-H.1

22 HISTORIC HOMEOWNERSHIP PRESERVATION INCENTIVE TAX CREDIT

23 Section 1701-H.1. Scope of article.

1 This article relates to the historic homeownership
2 preservation incentive tax credit.

3 Section 1702-H.1. Definitions.

4 The following words and phrases when used in this article
5 shall have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 "Certified historic property." A property located within
8 this Commonwealth that is:

9 (1) listed in the National Register of Historic Places;

10 (2) located in a historic district listed in the
11 National Register of Historic Places and certified by the
12 United States Secretary of the Interior as contributing to
13 the historic significance of the historic district;

14 (3) individually designated as a historic property by
15 local ordinance and certified by the commission as meeting
16 the criteria for inclusion in the National Register of
17 Historic Places; or

18 (4) located in a historic district set apart or
19 registered by a local government and:

20 (i) the historic district is certified by the
21 commission as meeting the criteria for inclusion in the
22 National Register of Historical Places; and

23 (ii) the property contributes to the historic
24 significance of the historic district.

25 "Commission." The Pennsylvania Historical and Museum
26 Commission.

27 "Completed project." The completion of the rehabilitation of
28 a qualified historic home in accordance with a qualified
29 rehabilitation plan and the receipt of an occupancy certificate
30 for the structure.

1 "Department." The Department of Community and Economic
2 Development of the Commonwealth.

3 "Internal Revenue Code." 26 U.S.C. § 1 et seq. (Internal
4 Revenue Code of 1986), as amended.

5 "Qualified census tract." A federally qualified census tract
6 or area of chronic economic distress that is identified by the
7 department and is:

8 (1) at 100% or below the State family median income
9 level; or

10 (2) designated as a qualified opportunity zone under 26
11 U.S.C. § 1400Z-1 (relating to designation).

12 "Qualified expenditures." As follows:

13 (1) The costs and expenses that:

14 (i) are properly chargeable to a capital account;

15 (ii) are incurred by a qualified taxpayer in the
16 rehabilitation of a qualified historic home pursuant to a
17 qualified rehabilitation plan; and

18 (iii) adhere to the guidelines for eligible
19 rehabilitation expenditures developed under section 1706-
20 H.1.

21 (2) The term does not include:

22 (i) The cost of acquiring a building or interest in
23 a building.

24 (ii) An expenditure attributable to the enlargement
25 of an existing building.

26 (3) The commission may develop guidelines on the types
27 of costs and expenses that are appropriately determined to be
28 qualified expenditures.

29 "Qualified historic home." As follows:

30 (1) A certified historic property or portion of the

1 property of an applicant that is:

2 (i) located in a qualified census tract;

3 (ii) owned by the applicant; and

4 (iii) being used, or within a reasonable period will
5 be used, by the applicant as the applicant's principal
6 residence.

7 (2) The following apply to the property described under
8 paragraph (1):

9 (i) The property may consist of part of a multiple
10 dwelling or multiple purpose building or series of
11 buildings, including a cooperative or condominium.

12 (ii) If only a portion of a building is used as the
13 principal residence, only those qualified expenditures
14 that are properly allocable to that portion shall be
15 eligible under this article to apply for tax credits
16 calculated at the percentage available to owner-
17 occupants.

18 "Qualified rehabilitation plan." A plan to substantially
19 rehabilitate a qualified historic home that is approved by the
20 commission as being consistent with the standards for
21 rehabilitation and guidelines for rehabilitation of historic
22 buildings as adopted by the United States Secretary of the
23 Interior. A plan shall be treated as substantially rehabilitated
24 if qualified expenditures total \$5,000 or more.

25 "Qualified tax liability." Tax liability imposed on a
26 taxpayer under Article III.

27 "Qualified taxpayer." An individual who:

28 (1) is subject to a tax imposed under Article III; and

29 (2) owns a qualified historic home.

30 Section 1703-H.1. Tax credit certificates.

1 (a) Application.--

2 (1) A qualified taxpayer may apply to the department for
3 a tax credit certificate under this section.

4 (2) The application shall be on the form required by the
5 department and shall include a qualified rehabilitation plan.

6 (3) The department shall establish an application
7 processing fee. The following apply:

8 (i) The fee structure shall be tiered based on the
9 amount of tax credits requested.

10 (ii) In no case shall the fee exceed \$100.

11 (4) The proceeds of the fee under paragraph (3) shall be
12 deposited into the Historic Homeowner Preservation Tax Credit
13 Administration Fund, which is established as a nonlapsing
14 fund in the State Treasury. The money in the Historic
15 Homeowner Preservation Tax Credit Administration Fund shall
16 be appropriated on a continuing basis to the department and
17 used by the commission and the department to offset the costs
18 of the review of tax credit applications and awarding of tax
19 credit certificates.

20 (5) The department shall begin accepting applications
21 for credit certificates on June 1 and close the initial
22 application period on June 30.

23 (b) Review, recommendation and approval.--

24 (1) The department shall forward applications received
25 under this section to the commission for review.

26 (2) The commission shall:

27 (i) Review the proposed rehabilitation plan in each
28 application.

29 (ii) Verify that the building is a qualified
30 historic home.

1 (iii) By December 1, provide the department with a
2 list of eligible projects.

3 (3) The department shall allocate the credits and
4 release a list of allocated projects within 15 days of the
5 development of the list under paragraph (2)(iii). Applicants
6 with approved allocations shall be provided with an award
7 letter.

8 (4) Any amount of tax credit certificates up to the
9 annual program limit of \$3,000,000 not awarded within the
10 initial application period shall be available on a first-
11 come, first-served basis through a process determined by the
12 department.

13 (5) The commission shall notify the department of
14 verification of a completed project and notify the department
15 of the amount of qualified expenditures incurred by the
16 taxpayer in connection with the completed project.

17 (6) If the department has approved the application and
18 received notification of a completed project, it shall issue
19 the qualified taxpayer a tax credit certificate within 45
20 days of the receipt of an approved, completed project. A tax
21 credit certificate issued under this section shall not exceed
22 20% of qualified expenditures determined by the commission to
23 have been incurred by the qualified taxpayer in connection
24 with the completed project.

25 (7) In granting tax credit certificates under this
26 article, the department may not grant more than \$50,000 in
27 tax credit certificates to a single qualified taxpayer in any
28 fiscal year.

29 Section 1704-H.1. Claiming tax credit.

30 Upon presenting a tax credit certificate to the Department of

1 Revenue, a qualified taxpayer may claim a tax credit against the
2 qualified tax liability of the qualified taxpayer.

3 Section 1705-H.1. Carryover, carryback and assignment of tax
4 credit.

5 (a) Carryover.--If a qualified taxpayer cannot use the
6 entire amount of the tax credit under this article for the
7 taxable year in which the tax credit is first approved, the
8 excess may be carried over to succeeding taxable years and used
9 as a credit against the qualified tax liability of the qualified
10 taxpayer for those taxable years. The following apply:

11 (1) Each time the tax credit is carried over to a
12 succeeding taxable year, the tax credit shall be reduced by
13 the amount that was used as a credit during the immediately
14 preceding taxable year.

15 (2) The tax credit may be carried over and applied to
16 succeeding taxable years for not more than seven taxable
17 years following the first taxable year for which the
18 qualified taxpayer was entitled to claim the credit.

19 (b) Application.--A tax credit certificate received by the
20 Department of Revenue in a taxable year first shall be applied
21 against the qualified taxpayer's qualified tax liability for the
22 current taxable year as of the date on which the credit was
23 issued before the tax credit can be applied against any
24 qualified tax liability under subsection (a).

25 (c) Limits on refunds.--Only a qualified taxpayer with a
26 household income of less than \$60,000 may carry back or obtain a
27 refund of all or any portion of an unused tax credit granted to
28 the qualified taxpayer under this article.

29 (d) Purchasers and assignees.--

30 (1) If a purchaser or assignee of all or a portion of a

1 tax credit obtained under section 1703-H.1 cannot use the
2 entire amount of the tax credit for the taxable year in which
3 the tax credit was purchased or assigned, the excess may be
4 carried over to succeeding taxable years and used as a credit
5 against the qualified tax liability of the purchaser or
6 assignee for those taxable years.

7 (2) Each time a tax credit is carried over to a
8 succeeding taxable year, the tax credit shall be reduced by
9 the amount that was used as a credit during the immediately
10 preceding taxable year.

11 (3) The tax credit may be carried over and applied to
12 succeeding taxable years for not more than seven taxable
13 years following the first taxable year for which the
14 qualified taxpayer was entitled to claim the credit.

15 (4) The purchaser or assignee may not carry back the
16 credit or obtain a refund.

17 Section 1706-H.1. Administration.

18 The department, the commission and the Department of Revenue
19 shall jointly develop written guidelines for the implementation
20 of the provisions of this article.

21 Section 1707-H.1. Annual report to General Assembly.

22 (a) Submittal.--By October 1, 2024, and October 1 of each
23 year thereafter, the department shall submit a report on the tax
24 credit under this article to:

25 (1) The chairperson and minority chairperson of the
26 Appropriations Committee of the Senate.

27 (2) The chairperson and minority chairperson of the
28 Appropriations Committee of the House of Representatives.

29 (3) The chairperson and minority chairperson of the
30 Finance Committee of the Senate.

1 (4) The chairperson and minority chairperson of the
2 Finance Committee of the House of Representatives.

3 (b) Contents.--The report under this section shall include:

4 (1) The list of completed projects that have been
5 awarded tax credits under this article.

6 (2) The amount of tax credits under this article
7 received by each completed project.

8 (3) Total project costs and the amount of private
9 investment in each completed project.

10 (4) The total number of completed projects placed into
11 service in the past year that were vacant for at least 12
12 months prior to commencement of rehabilitation work.

13 (5) The total number of completed projects placed into
14 service in the past year that had not paid property taxes for
15 at least 12 months prior to the commencement of
16 rehabilitation work.

17 (c) Public information.--Notwithstanding any law providing
18 for the confidentiality of tax records, the information in the
19 report under this section shall be public information and shall
20 be posted on the publicly accessible Internet website of the
21 department.

22 (d) Review of tax credit program.--The department, in
23 cooperation with the commission, shall undertake a review of the
24 tax credit program under this article to determine the
25 effectiveness of the program in preserving and rehabilitating
26 the Commonwealth's historic homes and the impact these efforts
27 have had on the stimulation of investment in this Commonwealth.
28 The results of the review shall be included in the annual report
29 due October 1, 2024.

30 Section 1708-H.1. Application of Internal Revenue Code.

1 The provisions of 26 U.S.C. § 47 (relating to rehabilitation
2 credit) and the regulations promulgated regarding those
3 provisions shall apply to the Department of Revenue's
4 interpretation and administration of the credit provided under
5 this article without regard to ratably allocating the credit
6 over a five-year period as required by 26 U.S.C. § 47(a).
7 References to the Internal Revenue Code shall mean the sections
8 of the Internal Revenue Code as existing on any date of
9 interpretation of this article, except that if those sections of
10 the Internal Revenue Code referenced in this article are
11 repealed or terminated, references to the Internal Revenue Code
12 shall mean those sections last having full force and effect
13 without regard to ratably allocating the credit over a five-year
14 period as required by 26 U.S.C. § 47(a). If after repeal or
15 termination the Internal Revenue Code sections are revised or
16 reenacted, references in this article to Internal Revenue Code
17 sections shall mean those revised or reenacted sections.

18 Section 1709-H.1. Limitation.

19 Taxpayers shall not be entitled to apply for tax credits
20 under this article after February 1, 2032.

21 Section 1710-H.1. Recapture.

22 If a tax credit or a portion of a tax credit under this
23 article is subject to recapture, the Commonwealth shall pursue
24 its recapture remedies and rights against the qualified taxpayer
25 that applied for the credit. No redress shall be sought against
26 an assignee, purchaser or transferee of the tax credit if the
27 assignee, purchaser or transferee acquired the tax credit by way
28 of an arm's-length transaction, for value and without notice of
29 violation, fraud or misrepresentation.

30 Section 1711-H.1. Administrative costs.

1 The commission may use no more than 5% of money allocated for
2 the tax credit program under this article for administrative
3 costs associated with the tax credit program.

4 Section 2. This act shall take effect in 60 days.