

**House-Introduced Historic Tax Credit Growth and
Opportunity (HTC-GO) Act
116th Congress
Section-by-Section Summary**

SUMMARY

The bill makes important changes to the Historic Tax Credit (IRC § 47) to encourage more building reuse and redevelopment in small, midsize, and rural communities. It also makes the rehabilitation of community projects like health centers, libraries, and schools easier. Finally, the bill would make more historic properties eligible to use the credit by updating program requirements to reflect current industry practices.

SEC. 1 SHORT TITLE

SEC. 2 INCREASING THE REHABILITATION CREDIT FOR CERTAIN SMALL PROJECTS

Creates a 30% credit for smaller deals to ensure rural and non-urban areas have a better ability to take advantage of the credit. This increased small deal credit would cap Qualified Rehabilitation Expenses (QREs) at \$2.5 million, or approximately \$750,000 in credits, with a provision ensuring there is not a cliff in QREs.

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

Allows credits for small transactions with rehabilitation expenditures not over \$2,500,000 to be transferred as a tax certificate, making these deals easier for small buildings.

SEC. 4 INCREASING THE TYPE OF BUILDINGS ELIGIBLE FOR REHABILITATION

Changes the definition of substantial rehabilitation. This provision would change the threshold to qualify for use of the credit by reducing the rehabilitation investment from 100% to 50% of adjusted basis.

SEC. 5 ELIMINATING BASIS ADJUSTMENT

Changes the amount of the depreciable basis adjustment from 100 percent to zero, eliminating the requirement that the historic tax credit be deducted from a building's basis at the time of transfer. This would place the HTC in line with other development credits and make it easier to use with LIHTC and Opportunity Zones.

SEC. 6. MODIFICATIONS REGARDING CERTAIN TAX-EXEMPT USE PROPERTY

This provision would amend the disqualified lease rules making the HTC easier to use with difficult to develop rehabilitation. Currently disqualified leases that inhibit the rehabilitation of these buildings, like those with purchase options, leases in excess of 20 years, and leases in buildings that use tax-exempt financing, would be permitted. This would make projects like health care centers, arts organizations, community services, workforce training providers, and others better able to use the HTC.