H.766

Introduced by Representatives Botzow of Pownal and Marcotte of Coventry

Referred to Committee on

Date:

Subject: Commerce and trade; economic development

Statement of purpose of bill as introduced: This bill proposes to create a homeowner's rehabilitation tax credit pilot project.

An act relating to creating a homeowner's rehabilitation tax credit

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. HOMEOWNER'S REHABILITATION TAX CREDIT

(a) Definitions. As used in this section:

(1) "Qualified applicant" means an owner of a qualified building who is not delinquent on any State taxes.

(2) "Qualified building" means a property, including the main residence and accessory buildings such as a barn or garage, that:

(A) the owner will occupy as his or her primary residence for not less than five consecutive years;

(B) is located within a neighborhood planning area, as defined in 24 V.S.A. § 2793e;

(C) is assessed at or below the State median home value; and

(D) is not subject to a lien.

(3) "Qualified project" means a construction project for which a qualified applicant makes qualified rehabilitation expenditures for the rehabilitation of a qualified building.

(4) "Qualified rehabilitation expenditure" means a construction-related expense for the rehabilitation of a qualified building, including design fees, labor, materials, capital improvements, and the rehabilitation or construction of an accessory housing unit.

(5) "State Board" means the Vermont Downtown Development Board established pursuant to 24 V.S.A. chapter 76A.

(b) Application and eligibility.

(1) In fiscal year 2019, Vermont municipalities may apply to the State Board to compete for the allocation of up to $625,000.00 in homeowner's rehabilitation tax credit certificates in not more than three pilot communities.

(2) A municipality shall specify in its application:

(A) the benefit area, such as a neighborhood or smaller geographic area, with demonstrated need for rehabilitation;

(B) the property owners and addresses for potential qualified projects;

(C) one or more banks, insurance companies, or captive insurance companies that have expressed willingness to purchase tax credit certificates, if applicable; and

(D) municipal staff capacity to support implementation of qualified projects, including for local permitting and building inspection.

(3) The State Board shall adopt application requirements and approval criteria for municipal applications and for individual qualified projects within selected pilot communities.

(4) To be eligible for approval, a qualified building shall undergo an energy audit to encourage the owner's participation in rebates and incentives that make the building more energy efficient and affordable.

(5) The State Board shall adopt design review standards for qualified projects.

(c) Homeowner's rehabilitation tax credit. The qualified applicant of a qualified project shall be entitled, upon the approval of the State Board:

(1) to claim against his or her income tax a credit of 30 percent of qualified rehabilitation expenditures, not to exceed $20,000.00 per qualified project or $25,000.00 per qualified project that creates one or more accessory dwelling units; or

(2) to claim a tax credit certificate in the amount of 30 percent of qualified rehabilitation expenditures, not to exceed $20,000.00 per qualified

project or $25,000.00 per qualified project that creates an accessory dwelling unit, which certificate the applicant may transfer to a bank, an insurance company, or a captive insurance company to apply against its bank franchise, insurance premium, or captive insurance premium tax liability.

(d) Claims; availability.

(1) A taxpayer claiming credit under this section shall submit to the Department of Taxes with the return on which a credit is claimed a copy of the State Board's tax credit allocation.

(2) A credit under this subchapter shall be available for the first tax year in which the qualified project is complete.

(3) If within five years after the date of the credit allocation to the applicant no claim for tax credit has been filed, the tax credit allocation shall be rescinded.

(4) Any unused credit under this section may be carried forward for not more than nine tax years following the first year for which the tax credit is claimed.

(e) Recapture. A qualified applicant shall be subject to recapture of the value of a tax credit or credit certificate issued pursuant to this section if the applicant:

(1) fails to complete the project within two years after approval;

(2) completes rehabilitation work that is inconsistent with a local permit or approved State application; or

(3) fails to supply accurate information.

Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2018.