

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was
3 referred House Bill No. 766 entitled “An act relating to creating a
4 homeowner’s rehabilitation tax credit” respectfully reports that it has
5 considered the same and recommends that the bill be amended by striking out
6 all after the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. HOMEOWNER’S REHABILITATION TAX CREDIT

8 (a) Definitions. As used in this section:

9 (1) “Qualified applicant” means an owner of a qualified building who is
10 not delinquent on any State or local taxes.

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

13 (A) the owner will occupy as his or her primary residence for not less
14 than five consecutive years, unless granted a waiver by the State board;

15 (B) is located within a neighborhood planning area, as defined in
16 24 V.S.A. § 2793e; and

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

18 ~~(D) is not subject to a lien.~~

19 (3) “Qualified project” means a construction project for which a
20 qualified applicant makes qualified rehabilitation expenditures for the
21 rehabilitation of a qualified building.

1 (4) “Qualified rehabilitation expenditure” means a construction-related
2 expense for the rehabilitation of a qualified building, including design fees,
3 labor, materials, capital improvements, and the rehabilitation or construction of
4 an accessory ~~housing dwelling~~ unit as defined in 24 V.S.A. § 4412.

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

7 (b) Application and eligibility.

8 (1) In fiscal year 2019, ~~not more than three~~ pilot municipalities may
9 apply to the State Board to compete for ~~the allocation of up to a portion of a~~
10 \$625,000.00 ~~allocation of homeowner’s rehabilitation tax credits certificates in~~
11 ~~not more than three pilot communities.~~

12 (2) A municipality shall specify in its application:

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

15 (B) the ~~property owners and~~ addresses ~~and grand list values~~ for
16 potential qualified projects;

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

1 (D) the names of the municipal staff capacity to support
2 implementation of qualified projects, including for local permitting and
3 building inspection; and

4 (E) the names of the local partner organizations, including a
5 description of their role and expertise in improving the quality of the local
6 housing stock.

7 (3) The State Board shall adopt additional application requirements,
8 design review standards, and approval criteria as needed for municipal
9 applications and for individual qualified projects within selected pilot
10 communities municipalities.

11 (4) To be eligible for approval, a qualified building shall undergo an
12 energy audit to encourage the owner's participation and participate in energy
13 rebates and incentive programs that make the building more energy efficient
14 and affordable to operate.

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

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

19 (1) to claim against his or her income tax a credit of 30 percent of
20 qualified rehabilitation expenditures, not to exceed \$20,000.00 per qualified

1 project or \$25,000.00 per qualified project that creates one or more accessory
2 dwelling units; or

3 (2) to claim a tax credit certificate in the amount of 30 percent of
4 qualified rehabilitation expenditures, not to exceed \$20,000.00 per qualified
5 project or \$25,000.00 per qualified project that creates an accessory dwelling
6 unit, which certificate the applicant may transfer to a bank, an insurance
7 company, or a captive insurance company to apply against its bank franchise,
8 insurance premium, or captive insurance premium tax liability.

9 (d) Claims; availability.

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

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

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

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

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

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

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

7 (3) fails to supply accurate information to the State Board.

8 Sec. 2. EFFECTIVE DATE

9 This act shall take effect on July 1, 2018.

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16 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE