

REVENUE Article VII Bill
Part V
MEMORANDUM IN SUPPORT

(Incorporated 2/21/2013 as an amendment to Senate S.2609; Assembly A.3009)

“Part V: Relating to extending the enhanced historic homeownership rehabilitation tax credit, is added to extend the sunset date of the enhanced tax credit including refundability provisions by five more years through tax year 2019.”

Extend the historic homeowner rehabilitation tax credit for owner-occupied historic properties

Purpose: Extend the enhanced tax credit available for rehabilitation of owner-occupied historic properties through tax years beginning before January 1, 2020. Make necessary technical corrections to the method of determining eligible census tracts for this program.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

A state tax credit for rehabilitation of historic owner-occupied properties has been available since 2006 for personal income taxpayers subject to tax under Article 22. Legislative action in 2009 significantly enhanced program incentives and made the program far more widely available. Without legislative action as proposed in this bill, the enhanced program will sunset in 2014, returning the program to its drastically diminished 2006 format and incentive levels.

The enhanced NYS Historic Homeowner Tax Credit is available for tax years beginning on or after January 1, 2010 and before January 1, 2015. The credit is equal to 20% of the qualified rehabilitation expenses on a historic home and cannot exceed \$50,000 per structure. Structures must be listed on the State and/or National Register of Historic Places, and be located in a distressed census tract, defined as census tracts at or below 100 percent of State Median Family Income (SMFI). The enhanced program makes this credit refundable for taxpayers who earn less than \$60,000 per year. These incentives and targeting provisions ensure that this program works effectively to attract private investment in older residential properties in communities and neighborhoods where it is most needed.

This bill would amend the appropriate Tax Law article allowing the Historic Homeowner rehabilitation tax credit, allow the enhanced tax credit of \$50,000 per structure through tax years 2019, and maintain program availability in census tracts at or below 100 percent SMFI. This extension would provide greater certainty to homeowners and homebuyers in older historic neighborhoods who want to commit to historic rehabilitation projects.

Sections one through four of the bill would also make needed technical corrections by substituting the most recent and appropriate American Community Survey data for the decennial federal census data in calculating the state median family income and removing obsolete references to federal targeted area residences under Section 143(j) of the Internal Revenue Code.

Since expansion in 2010, the NYS Historic Homeowner Tax Credit has generated \$21.5 million in private rehabilitation investment in owner-occupied historic homes in 39 counties and 58 municipalities across New York State. This program attracts reinvestment back to historic housing stock in older residential neighborhoods, attracts reinvestment to existing infrastructure,

thereby preserving farmland and open space, serves to increase the tax base of local municipalities, and generates significant sales tax revenues through the purchase of materials and equipment. This program will serve as a significant incentive in communities authorized to establish land banks. National studies indicate that such rehabilitation activities outperform the economic impacts of new home construction by a 2:1 margin.

Budget Implications:

Division of Budget estimates enactment of this bill will reduce tax revenues by \$1.5 million in SFY 2016-2017 and \$1.5 million annually in each of the next four fiscal years. Their score for this legislation does not account for economic stimulus and job growth generated by this rehabilitation work, nor for increased payroll or sales tax revenues to New York State, or increased local tax revenues generated by property reassessments.

Effective Date:

This bill would take effect immediately and applies to taxable years beginning on and after January 1, 2013. The program extension provided by this bill would extend the enhanced program from 12/31/2014 through 12/31/2019.