

**Proposed Text of California Code of Regulations**

**Title 4.**

**Division 17.**

**Chapter 3 State Historic Rehabilitation Tax Credit**

*(A new chapter and regulations to be added to the California Code of Regulations.)*

**~~All of the sections are to be adopted.~~**

**~~Chapter 3 State Historic Rehabilitation Tax Credits~~**

**Section Regulation 11010. State Historic Rehabilitation Tax Credit Authority and Function**

Senate Bill No. 451 (Chapter 703, Statutes of 2019) added Revenue and Taxation Code ~~(RTC)~~ sections 17053.91 and 23691 to allow a taxpayer that receives a tax credit allocation to claim a credit against those taxes for each taxable year beginning on or after January 1, 2021, and before January 1, 2027, for the rehabilitation of certified historic structures. ~~This~~ese program is called the State Historic Rehabilitation Tax Credit ~~(SHRTC) program and the program tax credits~~ are allocated on a first-come, first-served basis by the California Tax Credit Allocation Committee (CTCAC) in conjunction with ~~and following project eligibility approval from~~ the Office of Historic Preservation (OHP). These regulations implement and make more specific CTCAC's responsibility for awarding and allocating the program tax credits. ~~establish procedures for awarding these credits to qualifying Applicants which authorize CTCAC to award those state tax credits.~~

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*Note: Authority cited: Sections s 17053.91 and 23691, Revenue and Taxation Code.*

**Section Regulation 11011. Definitions.**

~~“Certified Historic Structure” has the same meaning as in RTC section 17053.91 and in RTC section 23691.~~

“Committee” means the CTCAC governing board.

“CTCAC” means the California Tax Credit Allocation Committee.

~~“Approved~~Eligible Project” means a project deemed ~~eligible~~ approved by the Office of Historic Preservation to apply to CTCAC for program tax credits issued under Revenue and Taxation Code~~RTC~~ sections 17053.91 and 23691.

“OHP” means the Office of Historic Preservation designated by Public Resources Code section 5024.6 to administer historic preservation programs within California.

“OHP Regulations” or “OHP Regulation” means the regulations promulgated by OHP and located in title 14 of the California Code of Regulations to administer the SHRTC program.

“Principal Residence” has the same meaning as in Revenue and Taxation Code RTC section 19585.

“Qualified Residence” has the same meaning as in Revenue and Taxation Code RTC section 17053.91.

“Qualified Rehabilitation Expenditure” has the same meaning as in Revenue and Taxation Code RTC sections 17053.91 and in RTC section 23691.

“Taxable Year” has the same meaning as in Revenue and Taxation Code RTC sections 17010 and RTC section 23041.

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*Note: Authority cited: Sections 17053.91 and 23691, Revenue and Taxation Code.*

### **Section-Regulation 11012. Joint Application and Compliance Process.**

(a) ~~-Applicants for a program tax credits available under RTC sections 17053.91 and 23691 shall use the CTCAC and OHP joint SHRTC state tax credit application forms v. 5/24 incorporated by reference herein and available on the SHRTC webpage. After OHP review, applications will be submitted to CTCAC. Consistent with OHP Regulations, aApplications for rehabilitation tax program tax credits consists include the Initial Project Application form v. 5/24 and the Completed Project Application form v. 5/24. of:~~

- ~~• the Initial Project Application form v. 5/24 to confirm that the subject property is listed in the California Register and includes an amendment form template for revisions to the project. approved~~
- ~~• The Completed Project Application form v. 5/24 to confirm the rehabilitation project was completed as described in the Initial Project Application v. 5/24 Expenditureeach.~~

~~If OHP designates the project to be a certified historic structure that is eligible for a credit available under RTC sections 17053.91 and 23691, the Initial Project Application will be sent to CTCAC to determine the amount of state historic rehabilitation tax credit allocation.~~

~~The per project award amount for Qualified Residence projects requested in the Initial Project Application shall only be allowed in an amount equal to or more than five~~

~~thousand dollars (\$5,000) but not exceeding twenty-five thousand dollars (\$25,000). A taxpayer shall only be allowed a credit pursuant to this paragraph once every 10 taxable years.~~

~~In addition to the requirements of this Chapter, Applicants may apply at any time, without specific rounds or deadlines and shall meet all requirements prescribed in the OHP Regulations, the joint application.~~

~~A complete application is one that includes all required information and documentation listed in the SHRTC application forms v. 5/24 joint application form established by OHP and CTCAC.~~

~~(b) For any Approved Project, OHP shall forward the Initial Project Application to CTCAC for an initial tax credit allocation determination, consistent with OHP Regulations and Revenue and Taxation Code sections 17053.91 and 23691. CTCAC shall review each eligible project applications within 30 days after receiving it of receipt from OHP and notify the applicant and OHP of any initial tax credit allocation determination after such allocation determination is approved by the Committee. All at a public general award recommendations will be present to the Committee for approval at a scheduled Ccommittee meeting. CTCAC shall notify the applicant and OHP after a tax credit allocation is made. <https://www.treasurer.ca.gov/ctcac/meeting/index.asp>~~

~~(c) After receipt of any Completed Project Application from OHP, CTCAC shall review the Completed Project Application to determine a final approved program tax credit allocation, consistent with OHP Regulations and Revenue and Taxation Code sections 17053.91 and 23691. If deemed eligible by OHP and the required documents are submitted, then CTCAC shall award an allocation available under RTC sections 17053.91 and 23691, as described in OHP regulations section 4859.01(c).~~

~~(e)(d) CTCAC Fees.~~

~~(1) Processing Fee. A fee in the amount \$500 for Qualified Residence projects and \$1,000 for all other projects shall be submitted to CTCAC at the time OHP notifies the applicant that it forwarded the Initial Project Application joint application is submitted to CTCAC.~~

~~(2) Administrative Fee. For projects allocated a program tax credit pursuant to this chapter, a fee in the amount equal to two percent of the program tax credit allocation shall be submitted to CTCAC within ten (10) calendar days after the applicant receives notification from OHP that it forwarded the Completed Project Application to CTCAC. of allocation.~~

~~(e) The Any taxpayer applicant allocated program tax credits, for Qqualified Rresidence projects, pursuant to this chapter not already owning and occupying the Qualified Residence as the applicant's Primary Residence must occupyuse the Qqualified~~

~~R~~esidence as their ~~P~~principal ~~R~~esidence, ~~as defined in RTC 19585~~ within two years after the applicant submits the Completed Project Application v. 5/24 to OHP. ~~rehabilitation of the residence and shall verify through their qualified tax return that the qualified residence is used as the principal residence. Failure to do so will result in the recapture of the allocated credits. CTCAC will provide FTB an annual list of the taxpayers that were allocated a credit.~~

~~(d)~~(f) CTCAC may request any additional information from the applicant necessary to determine compliance with this Chapter and Revenue and Taxation Code sections 17053.91 and 23691.

*Credits*

*Note: Authority cited: Sections 17053.91 and 23691, Revenue and Taxation Code.*