

All of the sections are to be adopted.

Chapter 3 State Historic Rehabilitation Tax Credits

Section 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. These State Historic Rehabilitation 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 establish procedures for awarding these credits to qualifying Applicants which authorize CTCAC to award those state tax credits.

Credits

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

Section 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.

“Eligible Project” means a project deemed eligible by the Office of Historic Preservation to apply to CTCAC for credits issued under 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.

Principal Residence has the same meaning as in RTC 19585.

Qualified Residence has the same meaning as in RTC section 17053.91.

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

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

Credits

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

Section 11012. Joint Application and Compliance Process.

- (a) Applicants for a credit available under RTC sections 17053.91 and 23691 shall use the state tax credit application forms v. 5/24 incorporated by reference. After OHP review, applications will be submitted to CTCAC. Applications for rehabilitation tax credit consists 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.
 - 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 each.

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.

Applicants may apply at any time, without specific rounds or deadlines and shall meet all requirements prescribed in the joint application.

A complete application is one that includes all required information and documentation listed in the joint application form established by OHP and CTCAC.

- (b) CTCAC shall review each eligible project application within 30 days after receiving it from OHP. All award recommendations will be present to the Committee for approval at a scheduled committee meeting.

<https://www.treasurer.ca.gov/ctcac/meeting/index.asp>

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).

- (c) 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 the joint application is submitted to CTCAC.

- (2) Administrative Fee. For projects allocated a tax credit pursuant to this chapter, a fee in the amount equal to two percent of the tax credit allocation shall be submitted to CTCAC within ten (10) calendar days of allocation.
- (d) The taxpayer allocated credits, for qualified residence projects, pursuant to this chapter must use the qualified residence as their principal residence, as defined in RTC 19585 within two years after the 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.

Credits

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