H. R._____

To amend the Internal Revenue Code of 1986 to modify the rehabilitation credit.

IN THE HOUSE OF REPRESENTATIVES

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on ____________________

A BILL

To amend the Internal Revenue Code of 1986 to modify the rehabilitation credit.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3
4 SEC. 1. SHORT TITLE.
5 This Act may be cited as the “Revitalizing Econom-
6 ies, Housing, and Businesses Act of 2020” or as the
7 “REHAB Act of 2020”.
8
9 SEC. 2. MODIFICATION OF REHABILITATION CREDIT.
10 (a) REINSTATEMENT OF CREDIT FOR QUALIFIED
11 REHABILITATED BUILDINGS.—
(1) IN GENERAL.—Subsection (a) of section 47 of the Internal Revenue Code of 1986 is amended to read as follows:

“(a) DETERMINATION OF CREDIT.—

“(1) IN GENERAL.—For purposes of section 46, the rehabilitation credit for any taxable year is the sum of—

“(A) in the case of any qualified rehabilitated building other than a certified historic structure which is placed in service during such taxable year, 10 percent of the qualified rehabilitation expenditures with respect to such building, and

“(B) in the case of any qualified rehabilitated building which is a certified historic structure which is placed in service during such taxable year or any of the 4 immediately preceding taxable years, the ratable share for such taxable year.

“(2) RATABLE SHARE.—For purposes of paragraph (1)(B), the ratable share for any taxable year is an amount equal to 20 percent of the qualified rehabilitation expenditures with respect to the certified historic structure, as allocated ratably to each of the 5 years to which paragraph (1)(B) applies.”.
(2) CONFORMING AMENDMENTS.—

(A) Section 47(c) of such Code is amended—

(i) in paragraph (1)—

(II) in subparagraph (A), by amending clause (iii) to read as follows:

“(iii) in the case of any building other than a certified historic structure, in the rehabilitation process—

“(I) 50 percent or more of the existing external walls of such building are retained in place as external walls, 

“(II) 75 percent or more of the existing external walls of such building are retained in place as internal or external walls, and

“(III) 75 percent or more of the existing internal structural framework of such building is retained in place, and”, and

(II) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by in-
serting after subparagraph (A) the following new subparagraph:

“(B) BUILDING MUST BE FIRST PLACED IN SERVICE BEFORE 1936.—In the case of a building other than a certified historic structure, a building shall not be a qualified rehabilitated building unless the building was first placed in service before 1936.”, and

(ii) in paragraph (2)(B), by amending clause (iv) to read as follows:

“(iv) CERTIFIED HISTORIC STRUCTURE, ETC.—Any expenditure attributable to the rehabilitation of a certified historic structure or a building in a registered historic district, unless the rehabilitation is a certified rehabilitation (within the meaning of subparagraph (C)). The preceding sentence shall not apply to a building in a registered historic district if—

“(I) such building was not a certified historic structure,

“(II) the Secretary of the Interior certified to the Secretary that such building is not of historic significance to the district, and
“(III) if the certification referred to in subclause (II) occurs after the beginning of the rehabilitation of such building, the taxpayer certifies to the Secretary that, at the beginning of such rehabilitation, he in good faith was not aware of the requirements of subclause (II).”.

(B) Paragraph (4) of section 145(d) of such Code is amended—

(i) by striking “of section 47(c)(1)(B)” each place it appears and inserting “of section 47(c)(1)(C)”, and

(ii) by striking “section 47(c)(1)(B)(i)” and inserting “section 47(c)(1)(C)(i)”.

(b) INCREASE IN CREDIT RATE FOR QUALIFIED REHABILITATED BUILDINGS OTHER THAN CERTIFIED HISTORIC STRUCTURES.—Section 47(a)(1) of such Code, as amended by subsection (a), is amended by striking “10 percent” and inserting “15 percent”.

(c) MODIFICATION OF DATE BEFORE WHICH BUILDINGS OTHER THAN CERTIFIED HISTORIC STRUCTURES MUST BE PLACED IN SERVICE.—Section 47(c)(1)(B) of such Code, as amended by subsection (a), is amended by
striking “1936” and inserting “the calendar year which is 50 years prior to the calendar year in which the building is placed in service (within the meaning of subsection (b)(1))”.

(d) Requirement That Buildings Other Certified Historic Structures Must Be Close to Public Transportation Centers.—Section 47(c)(1) of such Code, as amended by subsection (a), is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by inserting after subparagraph (B) the following new subparagraph:

“(C) Building must be close to public transportation center.—

“(i) In general.—In the case of a building other than a certified historic structure, a building shall not be a qualified rehabilitated building unless the building is not further than one-half mile from at least one of the following:

“(I) A location which provides passenger boarding on a fixed guideway (as defined in section 5302(7) of title 49, United States Code), commuter rail passenger transportation (as defined in section 24102(3) of VerDate Mar 15 2010 16:15 Dec 20, 2019 Jkt 000000 PO 00000 Frm 00006 Fmt 6652 Sfmt 6201 C:\USERS\HWCHRISTRUP\APPDATA\ROAMING\SOFTQUAD \XMETAL\7.0\GEN\C\BLUM
(II) A planned site for a location described in subclause (I) if the Secretary of Transportation has issued a full funding grant agreement with respect to such location under section 5309(k)(2) of title 49, United States Code.

(ii) IDENTIFICATION OF QUALIFIED AREAS.—The Secretary, in consultation with the Secretary of Transportation, shall identify areas which are described in clause (I) if the Secretary of Transportation has issued a full funding grant agreement with respect to such location under section 5309(k)(2) of title 49, United States Code.

(c) ELIMINATION OF CERTAIN LODGING RESTRICTIONS ON BUILDINGS OTHER THAN CERTIFIED HISTORIC STRUCTURES.—Section 50(b)(2)(C) of such Code is amended by striking "certified historic structure" and inserting "qualified rehabilitated building".

(d) REQUIREMENT THAT BUILDINGS THAT ARE NOT CERTIFIED HISTORIC STRUCTURES AND NOT IN A REGISTERED HISTORIC DISTRICT RECEIVE CERTIFICATION OF STATUS.—Section 47(c)(1) of such Code, as amended (as defined in section 24102(c) of title 49, United States Code).
by subsections (a) and (d), is amended by redesignating subsections (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (C) the following new subparagraph:

“(D) BUILDINGS THAT ARE NOT CERTIFIED HISTORIC STRUCTURES AND NOT IN REGISTERED HISTORIC DISTRICT MUST RECEIVE CERTIFICATION OF STATUS.—

“(i) IN GENERAL.—In the case of a building which is neither a certified historic structure nor located in a registered historic district, such building shall not be a qualified rehabilitated building unless the Secretary of the Interior certifies to the Secretary that such building is—

“(I) not a certified historic structure, and

“(II) not in a registered historic district.

“(ii) DETERMINATIONS BY NATIONAL PARK SERVICE.—To the maximum extent practicable, the Secretary of the Interior shall make certifications under clause (i) within 30 days of the receipt of an application for such certification.”.
(g) Credit for Certain Related Expenditures.—

(1) Credit for certain expenditures for public infrastructure.—Section 47(c)(2) of such Code is amended by adding at the end the following new subparagraph:

“(E) Treatment of certain expenditures for public infrastructure.—

“(i) In general.—In the case of any qualified rehabilitated building, expenditures for qualified public infrastructure (or improvements thereto) shall be treated for purposes of this section as qualified rehabilitation expenditures with respect to such building if providing such qualified public infrastructure is related to such building and is required by any State or local government.

“(ii) Limitation.—The amount treated as qualified rehabilitation expenditures with respect to any building under clause (i) shall not exceed 25 percent of the qualified rehabilitation expenditures with respect to such building (determined after
the application of clause (i) and subpara-
graph (F)).

“(iii) Bonus credit amount.—In
the case of any amount treated as qualified
rehabilitation expenditures under clause
(i), subsection (a)(1) shall be applied by
substituting ‘25 percent’ for ‘15 percent’.

“(iv) Qualified public infra-
structure.—For purposes of this sub-
paragraph, the term ‘qualified public infra-
structure’ means water and sewer lines,
electrical lines and equipment, tele-
communications lines and equipment, and
road and sidewalks, which are located in
the public right of way and are not owned
by the taxpayer.”.

(2) Credit for expansion and adjacent
buildings with respect to qualified rehabili-
tated buildings other than certified his-
toric structures.—Section 47(e)(2) of such
Code, as amended by paragraph (1), is amended by
adding at the end the following new subparagraph:

“(F) Treatment of building expan-
sions and certain adjacent buildings
with respect to qualified rehabilitated
BUILDINGS OTHER THAN CERTIFIED HISTORIC STRUCTURES.—

“(i) In general.—In the case any qualified rehabilitated building other than a certified historic structure—

“(I) clause (iii) of subparagraph (B) shall not apply, and

“(II) amounts described in subparagraph (A)(i) which are in connection with the rehabilitation or construction of a qualified adjacent building shall be treated as qualified rehabilitation expenditures with respect to such qualified rehabilitated building.

“(ii) Limitation.—The amount treated as qualified rehabilitation expenditures with respect to any qualified rehabilitated building under clause (i) shall not exceed 100 percent of the qualified rehabilitation expenditures with respect to such building (determined without regard to clause (i) and subparagraph (E)).

“(iii) Qualified adjacent building.—For purposes of this subparagraph, the term ‘qualified adjacent building’
means, with respect to any qualified rehabilitated building, any building if such building and such qualified rehabilitated building are both on the same block.”

(3) RELATED EXPENDITURES DISREGARDED IN DETERMINING IF REHABILITATION IS SUBSTANTIAL.—Section 47(c)(1)(E), as redesignated by subsections (a), (d), and (f), is amended by adding at the end the following new clause:

“(iv) CERTAIN EXPENDITURES DISREGARDED.—Amounts which are otherwise treated as qualified rehabilitation expenditures by reason of subparagraph (E) or (F) of paragraph (2) shall not be treated as qualified rehabilitation expenditures for purposes of this subparagraph.”

(h) BONUS CREDIT FOR RENT-RESTRICTED HOUSING UNITS.—Section 47 of such Code is amended by adding at the end the following new subsection:

“(e) BONUS CREDIT FOR RENT-RESTRICTED HOUSING UNITS.—

“(1) IN GENERAL.—Subsection (a)(1) shall be applied by substituting ‘25 percent’ for ‘15 percent’ with respect to so much of the qualified rehabilitation expenditures (determined without regard to sub-
section (c)(2)(E)) with respect to any qualified rehabilitated building as are properly allocable to residential units which are—

“(A) rent-restricted (within the meaning of section 42(g)(2)), and

“(B) occupied by individuals whose income is 100 percent or less of area median gross income (within the meaning of section 42(g)(1)).

“(2) FAILURE TO MAINTAIN RENT-RESTRICTION SUBJECT TO RECAPTURE.—In the case of any failure to maintain any residential unit taken into account under paragraph (1) as a residential unit described in such paragraph during the recapture period, section 50(a) shall apply as though the qualified rehabilitated building ceased to be investment credit property except that the recapture period and recapture percentage shall be determined under paragraph (3) and in determining the increase in tax under such section in lieu of reducing the credit determined under this section to zero such credit shall be determined without regard to paragraph (1). The application of section 50(a) with respect to a building as described in this paragraph shall not prevent the reapplication of such section to such building if such building is disposed of or otherwise ceases to
be investment credit property and the tax imposed under such section by reason of such reapplication shall be reduced by the tax previously imposed as described in this paragraph.

“(3) Recapture period; recapture percentage.—For purposes of this subsection—

“(A) Recapture period.—The term ‘recapture period’ means the 10-year period beginning on the date the building is placed in service.

“(B) Recapture percentage.—The term ‘recapture percentage’ means—

“(i) in the case of a failure described in paragraph (2) that occurs during the first year of the recapture period, 100 percent, and

“(ii) in the case of such a failure which occurs during any subsequent year of the recapture period, the percentage which is 10 percentage points less than the percentage which applied for the previous year (as determined under this subparagraph).”.
Section 47 of such Code, as amended by subsection (h), is amended by adding at the end the following new subsection:

“(f) Public Reporting With Respect to Qualified Rehabilitated Buildings Other Than Certified Historic Structures.——

“(1) In General.—No credit shall be allowed under this section with respect to any qualified rehabilitated building other than a certified historic structure unless the taxpayer submits to the Secretary a report (at such time and in such manner as the Secretary may provide) which includes the information described in paragraph (2).

“(2) Information.—The report described in paragraph (1) shall include the following:

“(A) The name of the building and, if applicable, the name of the project of which such building is a part.

“(B) Each of the following with respect to the location of the building: city, State, zip code, 2010 census tract (and whether such tract is metropolitan statistical area).

“(C) The total cost of the building and, if applicable, the total cost of the project of which such building is a part.
“(D) The total amount of credit allowed under this section with respect to such building and, if applicable, with respect to the project of which such building is a part.

“(E) The year the building is placed in service.

“(F) The number of housing units in the building and number of such housing units which are rent-restricted (within the meaning of section 42(g)(2))

“(G) The primary purpose of the building.

“(3) REPORTS MADE PUBLICLY AVAILABLE.— The Secretary shall ensure that reports made under paragraph (1) are made available to the public.”.

(j) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.