

TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION

Control 810 Department or Agency REVENUE

Rule Nos. 810-3-136-.02

Rule Title: Availability, Claiming and Transferability of the Historic Rehabilitation Tax Credit

XX New; \_\_\_ Amend; \_\_\_ Repeal; \_\_\_ Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? No

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

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Does the proposed rule have any economic impact? Yes

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

\*\*\*\*\*  
Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer 

Date 1/22/15

APA-6  
10/96

**ECONOMIC IMPACT STATEMENT  
FOR APA RULE  
(Section 41-22-23(f))**

Control No. 810 Department or Agency REVENUE

Rule No: 810-3-136-.02

Rule Title: Availability, Claiming and Transferability of the Historic Rehabilitation Tax Credit.

New  Amend  Repeal  Adopt by Reference

- NO  
 YES

This rule has no economic impact.

This rule has an economic impact, as explained below:

1. **NEED/EXPECTED BENEFIT OF RULE:**  
This Rule sets forth guidelines, definitions, and procedures for the administration of the Historic Tax Rehabilitation Tax Credit enacted under original Act 2013-241 and amended by Act 2014-452.
2. **COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:**  
To implement the provisions of Act 2013-241 and 2014-452.
3. **EFFECT OF THIS RULE ON COMPETITION:**  
N/A
4. **EFFECT OF THIS RULE ON COST OF LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:**  
N/A
5. **EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA HERE THE RULE IS TO BE IMPLEMENTED:**  
N/A
6. **SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:**  
General Fund, Education Trust Fund, Department of Revenue Budget
7. **THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT OF THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE:**

To implement the provisions of Act 2013-241 and 2014-452.

8. **UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE BENEFITS AND BURDEN COMPARISON:**

To implement the provisions of Act 2013-241 and 2014-452.

9. **THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC HEALTH:**

N/A

10. **DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE RULE IS NOT IMPLEMENTED:**

N/A

11. **OTHER COMMENTS:**

N/A

APA-2  
11/96

**ALABAMA DEPARTMENT OF REVENUE**  
Individual & Corporate Tax Division

**NOTICE OF INTENDED ACTION**

**RULE NO. & TITLE**

810-3-136-.01	Historic Rehabilitation Tax Credit
810-3-136-.02	Availability, Claiming and Transferability of the Historic Rehabilitation Tax Credit
810-3-136-.03	Improperly Obtained Historic Rehabilitation Tax Credits and Recapture of Historic Rehabilitation Tax Credits

**INTENDED ACTION:** Adopt new rule

**SUBSTANCE OF PROPOSED ACTION:** The department proposes to adopt the above rules to provide guidance regarding the statutory requirements of Act 2013-241 and as amended by Act 2014-452 to be used by the Department of Revenue in the administration of the Historic Rehabilitation Tax Credit.

**TIME, PLACE, MANNER OF PRESENTING VIEWS:** A public hearing will be held at **2:30 p.m. on Wednesday, March 11, 2015, Room 1203, First Floor**, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at [ww.revenue.alabama.gov/rulehear.html](http://ww.revenue.alabama.gov/rulehear.html).

All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time during the thirty-five (35) day period following publication of the notice or by appearing at the hearing.

**FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:**  
Wednesday, March 11, 2015

**CONTACT PERSON AT AGENCY:**

Patricia Toles  
Alabama Department of Revenue  
4131 Gordon Persons Building  
Montgomery, Alabama 36132  
(334) 242-1380



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Michael D. Gamble, Secretary  
Alabama Department of Revenue

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810-3-136-.02 Availability, Claiming and Transferability of the Historic Rehabilitation Tax Credit. **(NEW RULE)**

(1) The Owner of a Project that has been issued a Tax Credit Certificate shall forward a copy of the Tax Credit Certificate to the Department within 30 days from the date of issuance. If there is more than one Owner of the Project, or if the Owner is a pass-through entity, an Allocation Schedule must be filed with the Tax Credit Certificate. Projects that have been issued more than one Tax Credit Certificate will combine the credits awarded and file only one Allocation Schedule with the Department. In keeping with taxpayer confidentiality, the Allocation Schedule shall only be filed with the Department and should not be filed with any taxpayer's tax return.

(2) Credits may only be claimed by taxpayers holding a Tax Credit Certificate, a Transfer Tax Credit Certificate, or a Recipient Tax Credit Certificate and by filing a copy of such certificate with the taxpayer's tax return. If the tax credit is passed through by a pass-through entity holding a Tax Credit Certificate or Transfer Tax Credit Certificate, the pass-through entity must issue a Recipient Tax Credit Certificate to each member or partner receiving a tax credit in accordance with the Allocation Schedule and such certificate shall also be filed with the taxpayer's tax return.

(3) A taxpayer may apply the entire tax credit against the state portion of any tax imposed by Chapters 16 or 18 for the taxable year in which the certified rehabilitation is placed in service. Since the tax imposed by Chapter 16 includes taxes that are distributed to the municipalities and counties within Alabama, in addition to the tax that is retained by the state; the credit is only available to offset that portion that is retained by the state. The state portion of any tax imposed with regard to Chapter 16 means, for purposes of this rule, the portion of the tax to be distributed to the state's general fund. Forms and instructions will be made available to taxpayers to provide guidance on how to compute this credit for those taxpayers subject to tax under Chapter 16.

(4) Any unused portion of the taxpayer's credit cannot be refunded, but may be carried forward for up to 10 additional years from the year in which the certified rehabilitation Project is placed in service.

(5) On or after the date the Tax Credit Certificate is issued to the Project, any partner, member, or Owner of the Project may transfer all or part of their credit. Once a credit is transferred, only the Transferee or Transferees, or their partners or members, may utilize such credit and the credit cannot be transferred again.

(6) Prior to the effectiveness of a transfer, the Transferor shall file a Transfer Statement with the Department along with a copy of the draft or final Transfer Agreement(s), a copy of the Tax Credit Certificate and a \$1,000 fee for each Transferee listed on the Transfer Statement. If the Transferee is a pass-through entity, the Transferee must provide an Allocation Schedule with the Transfer Statement. Unless

previously filed, the Transferor shall also file a copy of the executed Transfer Agreement with the Department no later than 30 days after the agreement has been executed. The Department shall issue a Transfer Tax Credit Certificate to each Transferee for the amount listed on the Transfer Statement within 30 days after receipt of the executed Transfer Agreement. If the amount of the Transferee's tax credit listed in the agreement is different from the Transfer Statement originally filed with the Department, the Transferor shall submit an amended Transfer Statement with the executed agreement.

(7) The aggregate amount of the tax credit taken or utilized by all of the Owners, partners, members of a Project or Transferees cannot exceed the amount of credit awarded on the related Tax Credit Certificate or Transfer Tax Credit Certificate, as applicable.

Author: Kelly Graham, Neal Hearn

Authority: Section 40-2A-7(a)(5) and Title 40 Chapter 9F, Code of Alabama 1975

History: