


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: June 19, 2015

TO: Honorable Members of the Rules, Elections and the Intergovernmental Relations
Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No. 15-0002-S65
Assignment No. 15-06-0505

SUBJECT: Resolution (Huizar-Fuentes) to SUPPORT SB S. 932 (Leahy, D-Vermont), which would amend the Internal Revenue Code of 1986 to provide a refundable tax credit for the installation of sprinklers and elevators in historic structures, excluding single family residences.

CLA RECOMMENDATION: Adopt Resolution (Huizar-Fuentes) to include in the City's 2015-16 Federal Legislative Program SUPPORT to S. 932 (Leahy, D-Vermont), the *Historic Downtown Preservation and Access Act*, which would amend the Internal Revenue Code of 1986 to allow a refundable tax credit for 50% of the cost of installing an elevator system or a sprinkler system in a certified historic structure; and limits the total amount of the credit to \$50,000 in any taxable year.

SUMMARY

On June 16, 2015, a Resolution (Huizar-Fuentes) was introduced in support of S. 932 (Leahy), the *Historic Downtown Preservation and Access Act*, introduced in the United States Senate on April 14, 2015, which would amend the Internal Revenue Code of 1986 to allow a refundable tax credit for 50% of the cost of installing an elevator system or a sprinkler system in a certified historic structure; and limits the total amount of the credit to \$50,000 in any taxable year.

Tax credits would apply to amounts paid or incurred in taxable years beginning after the date S. 932 is enacted into law.

Definition of *Certified Historic Structure*:

S. 932 defines '*Certified Historic Structure*' as defined in Section 47 (c)(3) of the Internal Revenue Code, to mean 'any building and its structural components which (1) is listed in the National Register, or (2) is located in a registered historic district and is certified by the Secretary of the Interior to the Secretary as being of historic significance to the district', and excludes any structure which is a single family residence.

Definition of '*qualified historic building expenses*':

S. 932 defines the term '*qualified historic building expenses*' to be amounts paid or incurred to install in a certified historic structure an elevator system or a sprinkler system that meets the requirements found in the most recent edition of the National Fire Protection Association (NFPA) 13: Standards for the Installation of Sprinkler Systems.

BACKGROUND

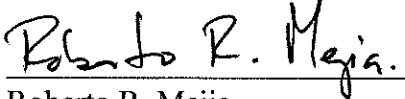
Resolution (Huizar-Fuentes) seeks support of S. 932, because it notes that the City is home to many historically significant structures, and maintains a list of all sites, buildings, and structures that have been designated Historic-Cultural Monuments; and is in the on-going process of revitalizing its historic Downtown core through the '*Bring Back Broadway*' initiatives and home to the largest concentration of historic theaters and movie palaces on one street in the nation, most of which date back to the 1920s and 1930s.

DEPARTMENTS NOTIFIED:

City Planning
City Attorney

BILL STATUS:

4/14/15 Introduced
4/14/15 Referred to Committee on Finance



Roberto R. Mejia
Analyst

Attachments: 1. Resolution (Huizar-Fuentes)
2. S. 932 (Leahy, D-Vermont)

Office of the City Clerk, City of Los Angeles

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Council File Number

15-0002-S65

Title

S.932 (Leahy, D-Vermont) Historic Downtown Preservation and Access Act

Last Change Date

06/16/2015

Expiration Date

06/17/2017

Pending in committee

Rules, Elections and Intergovernmental Relations Committee

Mover

JOSE HUIZAR

Second

FELIPE FUENTES

Action History for Council File 15-0002-S65

Date Activity

06/16/2015 Resolution referred to Rules, Elections and Intergovernmental Relations Committee.

RESOLUTION RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, on April 14, 2015, United States Senator Patrick Leahy (D-Vermont), introduced S.932, the *Historic Downtown Preservation and Access Act*, which would provide a refundable tax credit for the installation of sprinklers and elevators in historic structures; and

WHEREAS, S.932 would amend the Internal Revenue Code of 1986 to provide the refundable tax credit in an amount equal to 50 percent of the qualified historic building expense paid or incurred by the taxpayer during the taxable year; and

WHEREAS, S. 932 defines 'Certified Historic Structure' as defined in Section 47(c)(3) of the Internal Revenue Code, to mean 'any building and its structural components which (1) is listed in the National Register, or (2) is located in a registered historic district and is certified by the Secretary of the Interior to the Secretary as being of historic significance to the district', and excludes any structure which is a single family residence; and

WHEREAS, S. 932 limits the credit allowed with respect to any taxpayer for any taxable year to not exceed \$50,000; and

WHEREAS, S.932 defines the term 'qualified historic building expenses' to be amounts paid or incurred to install in a certified historic structure an elevator system or a sprinkler system that meets the requirements found in the most recent edition of the National Fire Protection Association (NFPA) 13: Standards for the Installation of Sprinkler Systems; and

WHEREAS, the City is the home to many historically significant structures, and maintains a list a list of all sites, buildings and structures, which have been designated Historic-Cultural Monuments; and is in the on-going process of revitalizing its historic Downtown core through the 'Bring Back Broadway' initiatives and home to the largest concentration of historic theaters and movie palaces on one street in the nation, most of which date back to the 1920s and 1930s;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-16 Federal Legislative Program SUPPORT to S.932 (Leahy, D-Vermont), the *Historic Downtown Preservation and Access Act*, which would amend the Internal Revenue code of 1986 to provide a refundable tax credit not to exceed \$50,000 for the installation of sprinklers and elevators in historic structures, excluding any structure which is a single family residence.

PRESENTED BY:
JOSÉ HUIZAR
Councilmember, 14th District

SECONDED BY:

OFFICIAL

JUN 16 2015

114TH CONGRESS
1ST SESSION

S. 932

To amend the Internal Revenue Code of 1986 to provide a refundable tax credit for the installation of sprinklers and elevators in historic structures.

IN THE SENATE OF THE UNITED STATES

APRIL 14, 2015

Mr. LEAHY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a refundable tax credit for the installation of sprinklers and elevators in historic structures.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Historic Downtown
5 Preservation and Access Act”.

6 **SEC. 2. CREDIT FOR INSTALLATION OF SPRINKLERS AND**
7 **ELEVATORS IN HISTORIC BUILDINGS.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 36B the fol-
 2 lowing new section:

3 **“SEC. 36C. HISTORIC BUILDING EXPENSES.**

4 “(a) IN GENERAL.—There shall be allowed a credit
 5 against the tax imposed by this subtitle for the taxable
 6 year an amount equal to 50 percent of the qualified his-
 7 toric building expenses paid or incurred by the taxpayer
 8 during such taxable year.

9 “(b) LIMITATION.—The credit allowed under sub-
 10 section (a) with respect to any taxpayer for any taxable
 11 year shall not exceed \$50,000.

12 “(c) QUALIFIED HISTORIC BUILDING EXPENSES.—
 13 For purposes of this section—

14 “(1) IN GENERAL.—The term ‘qualified historic
 15 building expenses’ means amounts paid or incurred
 16 to install in a certified historic structure an elevator
 17 system or a sprinkler system that meets the require-
 18 ments found in the most recent edition of NFPA 13:
 19 Standard for the Installation of Sprinkler Systems.

20 “(2) NATIONAL HISTORIC LANDMARKS.—In the
 21 case of a certified historic structure that is des-
 22 ignated as a National Historic Landmark in accord-
 23 ance with section 101(a) of the National Historic
 24 Preservation Act (16 U.S.C. 470a(a)) and that is
 25 open to the public, the term ‘qualified historic build-

1 ing expenses' shall not include an expense described
2 in paragraph (1), unless the installation of property
3 described in such paragraph meets the requirements
4 for a certified rehabilitation under section
5 47(c)(2)(C).

6 “(3) CERTIFIED HISTORIC STRUCTURE.—The
7 term ‘certified historic structure’ has the meaning
8 given such term in section 47(c)(3), except that such
9 term shall not include any structure which is a sin-
10 gle-family residence.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 1324 of title 31, United States
13 Code, is amended by inserting “, 36C” after “,
14 36B”.

15 (2) The table of sections for subpart C of part
16 IV of subchapter A of chapter 1 of the Internal Rev-
17 enue Code of 1986 is amended by inserting after the
18 item relating to section 36B the following new item:

“Sec. 36C. Historic building expenses.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to amounts paid or incurred in tax-
21 able years beginning after the date of the enactment of
22 this Act.

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Bill Summary & Status
114th Congress (2015 - 2016)
S.932
All Information

Item 1 of 1

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S.932

Latest Title: Historic Downtown Preservation and Access Act

Sponsor: [Sen Leahy, Patrick J.](#) [VT] (introduced 4/14/2015) [Cosponsors \(None\)](#)

Latest Major Action: 4/14/2015 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

Jump to: [Summary](#), [Major Actions](#), [All Actions](#), [Titles](#), [Cosponsors](#), [Committees](#), [Related Bill Details](#), [Amendments](#)

SUMMARY AS OF:

4/14/2015--Introduced.

Historic Downtown Preservation and Access Act

Amends the Internal Revenue Code to allow a refundable tax credit for 50% of the cost of installing an elevator system or a sprinkler system in a certified historic structure. Limits the total amount of such credit to \$50,000 in any taxable year.

MAJOR ACTIONS:

NONE

ALL ACTIONS:

4/14/2015:

Sponsor introductory remarks on measure. (CR [S2174-2175](#))

4/14/2015:

Read twice and referred to the Committee on Finance.

TITLE(S): *(italics indicate a title for a portion of a bill)*

- **SHORT TITLE(S) AS INTRODUCED:**

Historic Downtown Preservation and Access Act

• **OFFICIAL TITLE AS INTRODUCED:**

A bill to amend the Internal Revenue Code of 1986 to provide a refundable tax credit for the installation of sprinklers and elevators in historic structures.

COSPONSOR(S):

NONE

COMMITTEE(S):

Committee/Subcommittee: Activity:

Senate Finance

Referral

RELATED BILL DETAILS:

NONE

AMENDMENT(S):

NONE

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