

Virginia Regulatory Town Hall

Proposed Regulation Agency Background Document

Agency Name:	Department of Historic Resources
VAC Chapter Number:	§ 58.1-339.2
Regulation Title:	Historic Rehabilitation Tax Credit
Action Title:	Proposed Regulation
Date:	July 1999

This information is required pursuant to the Administrative Process Act § 9-6.14:9.1 *et seq.*, Executive Order Twenty-Five (98), and the *Virginia Register Form, Style and Procedure Manual*. Please refer to these sources for more information and other materials required to be submitted in the regulatory review package.

Summary

Please provide a summary of the existing regulation, and generally yet clearly explain the proposed actions to be taken by the agency. The summary shall indicate why the regulatory changes are being made. The summary shall note and describe all new substantive sections, all substantive changes to an existing sections, or both where appropriate.

No regulations exist. The Department of Historic Resources submits the proposed regulations as the first regulations to implement the law.

Purpose

Please provide a statement explaining the need for the new or amended regulation. This statement shall set forth in detail the specific reasons the agency has determined that the proposed regulatory action is essential either: 1) to protect the health, safety or welfare of citizens; or 2) for the efficient and economical performance of an important governmental function. A statement of a general nature is not acceptable, particular rationales must be explicitly discussed. Please include a discussion of the goals of the proposal and the problems the changes are intended to solve.

The proposed regulation is necessary to implement the new Historic Rehabilitation Tax Credit program, a program established by state law § 58.1-339.2. No regulations exist for the program at present.

The Department of Historic Resources has determined that the contemplated regulation is essential to insure that state rehabilitation tax credits are provided for property owners who undertake certified historic rehabilitations, in compliance with state law § 58.1-339.2. The program promotes private investment in the rehabilitation and adaptive re-use of historic properties, particularly inner-city properties. The General Assembly has determined that appropriate recycling of historic buildings will enhance the welfare of the citizens of the Commonwealth.

Basis

Please identify the state and/or federal source of legal authority to promulgate the contemplated regulation. The discussion of this authority shall include a description of its scope and the extent to which the authority is mandatory or discretionary. Please explain the correlation between the proposed regulatory action and the legal authority. Full citations of legal authority and web site addresses, if available for locating the text of the cited authority, shall be provided.

The Department of Historic Resources has the statutory authority to promulgate regulations needed to enact the program. Attached is a letter from the Attorney General's office confirming this authority.

The regulation is mandated in whole by state law § 58.1-339.2 Historic Rehabilitation Tax Credit. A copy of the law is attached.

Substance

Please detail any changes, other than strictly editorial changes, that will be implemented. Please outline new substantive provisions. Where existing provisions are being amended or replaced, so that changes can be easily identified include: 1) citations to the specific sections of an existing regulation that would be affected and 2) what the differences would be should the proposal be approved.

No regulations exist.

Issues

Please provide a statement identifying the issues associated with the proposed regulatory action. The term "issues" means: 1) the advantages and disadvantages to the public of implementing the new provisions; 2) the advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public.

<Enter Statement>

Alternatives

Please describe the specific alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.

No acceptable alternatives exist. To not issue proposed regulations, or to issue regulations not consistent with the statute, would deny the will of the Commonwealth, as expressed through the General Assembly.

Public Comment

Please all summarize public comment received during the NOIRA comment period and provide the agency response.

The Department has convened a committee of private individuals, including architects, architectural historians, property owners, bankers, tax attorneys, developers, and members of architectural review boards, to draft the proposed regulations. The Virginia Department of Taxation is an active participant in this advisory committee. The Department is constantly soliciting comments from property owners, investors, consultants, local governments, and other interested parties, with the intent of making the program efficient and unintrusive. All suggested alternatives are being given due consideration. The proposed regulations are the product of this consideration.

Clarity of the Regulation

Please provide a statement indicating that the agency, through examination of the regulation and relevant public comments, has determined that the regulation is clearly written and easily understandable by the individuals and entities affected.

The Department of Historic Resources intends to make the regulations and the program as simple as possible. The program is parallel to the existing federal certified historic rehabilitation program, and the Department provides for simultaneous review of applications of property owners who seek both the state and federal tax credits. The Department intends to avoid the problems associated with the federal program.

Periodic Review

Please supply a schedule setting forth when the agency will initiate a review and re-evaluation to determine if the regulation should be continued, amended, or terminated. The specific and measurable intended regulatory goals should be outlined with this schedule. The review shall take place no later than three years after the proposed regulation is expected to be effective.

<Enter Statement>

Fiscal Impact

Please identify the anticipated fiscal impacts and at a minimum include: (a) the projected cost to the state to implement and enforce the proposed regulation, including (i) fund source / fund detail, (ii) budget activity with a cross-reference to program and subprogram, and (iii) a delineation of one-time versus on-going expenditures; (b) the projected cost of the regulation on localities; (c) a description of the individuals, businesses or other entities that are likely to be affected by the regulation; and (d) the agency's best estimate of the number of such entities that will be affected.

<Enter Statement>