

2016

Home Modification Tax Credit Rule 2016

Maine State Housing Authority

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Recommended Citation

Maine State Housing Authority, "Home Modification Tax Credit Rule 2016" (2016). *Housing Authority Documents*. 18.
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Summary: Taxpayers whose federal adjusted gross income does not exceed \$55,000 may receive an income tax credit in an amount up to \$9,000 for the applicable percentage of expenses incurred for certain modifications to make a homestead accessible to an individual with a disability or physical hardship who resides or will reside in the homestead. The applicable percentage is determined on a sliding scale that ranges from 50% to 100% based on income. This rule identifies the types of home modification expenditures that qualify for the credit and the building standards applicable to the modifications. It is the intent of MaineHousing that the Home Modification Tax Credit be administered in a manner that is simple, flexible, accommodating, and suitable for the individual who requires the modification. National accessibility standards are used for reference, rather than as a hard and fast rule.

1. Definitions. The following terms shall have the following meanings:
 - a. “Director” means the director of MaineHousing.
 - b. “Homestead” means a dwelling owned or rented by the Taxpayer or held in a revocable living trust for the benefit of the Taxpayer and occupied by the Taxpayer and the Taxpayer’s dependents as a home as further defined in Title 36 MRSA Section 5219-II or any successor statute.
 - c. “MaineHousing” means the Maine State Housing Authority.
 - d. “Tax Credit” means the credit allowed against a Taxpayer’s income taxes for Homestead modifications pursuant to Title 36 MRSA Section 5219-NN or any successor statute.
 - e. “Taxpayer” means the individual who pays for the modifications to their existing Homestead to make all or a portion of it accessible to an individual with a disability or physical hardship who resides or will reside in the Homestead.
2. Types of Modifications Eligible for Tax Credit. Expenses for the following types of modifications are eligible for the Tax Credit:
 - a. Changes to flooring to mitigate tripping hazards
 - b. Moving control items such as light switches to within reach ranges
 - c. Adjustments to exterior site walking surfaces including any necessary grading
 - d. Creation of an accessible parking space

- e. Installation of access ramps
 - f. Widening of existing doorways for ease of access
 - g. Installation of accessible door hardware
 - h. Installation or adjustment of storage shelving and closet rods to within reach ranges
 - i. Installation of accessible toilet, bathroom sink, or kitchen sink plumbing fixtures
 - j. Installation of bathroom mirrors or medicine cabinets within lines of sight or reach ranges
 - k. Installation of grab bars at plumbing fixtures
 - l. Installation of roll-in showers
 - m. Installation of transfer seats in showers
 - n. Installation of tub seats
 - o. Installation or height adjustment of work counters in kitchens
 - p. Installation of front-controlled cooking appliances
 - q. Installation of alarm devices or doorbells for the hearing or visually impaired
 - r. Installation of lifts
 - s. Other modifications reasonably necessary to make the Homestead accessible to an individual with a disability or physical hardship who resides or will reside in the Homestead.
3. Applicable Standards. To qualify for credit, the Taxpayer must demonstrate the work meets the following standards:
- a. Suitability for the individual with a disability or physical hardship who resides or will reside in the Homestead
 - b. General consistency with American National Standards Institute (ANSI) ICC A117.1-2009 standards
 - c. Compliance with applicable building codes

4. Certification Process.
 - a. To qualify for credit a taxpayer must request certification from MaineHousing by March 1st of the year following the tax year in which the work expenditures were made.
 - b. Taxpayer's request for certification must include the following:
 - i. Detailed description of the modifications made
 - ii. Copy of itemized invoice from contractor who completed the work or copy itemized invoice of materials used to complete job if completed by the taxpayer
 - iii. Copy of construction contract, if any
 - iv. Photograph of work completed
 - v. Before photograph, if available
 - vi. Taxpayer's representation that:
 1. the modifications are to make all or a portion of their Homestead accessible to an individual with a disability or physical hardship who resides or will reside in the Homestead; and
 2. the modifications were completed in accordance with the applicable standards set forth in Section 3 of this rule.
 - vii. If Taxpayer hired a contractor to complete the modifications, the contractor's certification that the modifications were completed in accordance with applicable local codes
5. Inspections. MaineHousing shall have the right to inspect the work upon reasonable notice to confirm that the work complies with this rule and 36 MRSA Section 5219-NN.2 or any successor statute. MaineHousing will inspect sites both randomly and as it deems warranted.
6. Appeal Process. A Taxpayer may appeal MaineHousing's determination to MaineHousing's Director within 21 days of the date of the notice from MaineHousing. The appeal must be in writing. The Taxpayer may submit additional information not previously provided to MaineHousing with the appeal if the Taxpayer believes the information is relevant to MaineHousing's determination. MaineHousing's Director will respond within 21 days with a written decision on the appeal. A decision by MaineHousing's Director pursuant to this appeal process constitutes final agency action.

7. Rule Limitations.

- a. Other Laws. If this rule conflicts with any provision of applicable federal or state law, such federal or state law shall control.
- b. Waivers. Upon determination for good cause, the Director of MaineHousing, or the Director's designee, may, subject to statutory limitations, waive any provision of this rule. Each waiver shall be in writing and shall be supported by documentation of the pertinent facts and grounds for the waiver.

BASIS STATEMENT: Under a new law individual taxpayers whose income does not exceed \$55,000 may receive an income tax credit up to \$9,000 for expenses incurred for modifications to make their home accessible to an individual with a disability who lives or will live in the home. This rule sets forth the types of home modification expenditures that qualify for the credit, the building standards applicable to the modifications, and the process MaineHousing will use to determine that a taxpayer's expenditures qualify for the credit.

PUBLIC COMMENT:

Process

Notice of Agency Rule-making Proposal (MAPA-3) was submitted to the Secretary of State for publication in the Wednesday, September 21, 2016 edition of the appropriate newspapers. Additionally, MaineHousing sent the proposed rule to Interested Parties on Thursday, September 22, 2016, and published the proposed rule on its website on September 28, 2016.

MaineHousing held a public hearing on Tuesday, October 18, 2016. The comment period was held open until 5:00 p.m. Friday, October 28, 2016. Representative Archie Verow who sponsored the legislation that established the Home Modification Tax Credit Rule provided some background about the legislation. There were no further comments.

STATUTORY AUTHORITY: 30-A M.R.S.A. §4741.1 and 36 M.R.S.A. §5219-NN

FISCAL IMPACT NOTE: The Home Modification Tax Credit Rule will not impose any cost on municipalities or counties for implementation or compliance.

EFFECTIVE DATE: