



May 15, 2013

Testimony of Representative Chad Weinger on Assembly Bill 147

To: Chairman Kaufert and Members of the Assembly Committee on Tourism

Mr. Chairman, thank you for holding a public hearing on AB 147, the advanced Historic Tax Credit bill. I would also like to thank the members of the Committee on Tourism for being here today, and for their thoughtful consideration of this bill.

Simply put, this legislation looks to reinvigorate investment in aging downtowns, main streets and waterfronts across Wisconsin. And yes, create jobs too. We can do this by increasing the state historic tax credit match, and boost success by making several program modifications.

AB 147 raises Wisconsin's historic preservation credit from 5% to 20%, matching the Federal Historic Preservation credit of 20%. This legislation also decouples the Wisconsin credit from the Federal credit, but requires a project minimum of \$50,000 in investment. In addition, AB 147 offers a state match of 5% for those buildings built prior to 1936, but are considered non-historic, and therefore, don't qualify for the historic preservation tax credit.

While I would like to claim credit for coming up with this legislative proposal, it was the City of Green Bay, Wisconsin's third largest city, that came up with the idea as a way to better compete with other states for investment and development dollars. The Wisconsin Historical Society, which oversees the historic preservation program, contributed program modifications that would increase Wisconsin's historic redevelopment success.

We know increasing the historic tax credit works and that it helps local municipalities attract new investment and jobs to their communities. For example, Minnesota enacted a 20% state historic tax credit match in 2010 and by June 2011 had approved 14 projects that aimed to invest \$343 million with \$250 million recirculated within their local economy. The projects anticipated hiring 1,808 construction workers to the tune of \$83.7 million in employee pay. Even our neighbors in Dubuque, Iowa attribute over 4,000 permanent jobs and leveraged investment of \$700 million to their 25% state match historic tax credit.

I strongly believe we have a great opportunity to not only help preserve Wisconsin's historical buildings, but to better compete for investment dollars and provide municipalities with a tool to help reestablish their downtowns, main streets and waterfronts.

Again, I would like to thank the Chairman and the Committee for their time and consideration of AB 147.



State Senator
Rick Gudex

District 18

May 15, 2013

To: Members of the Assembly Committee on Tourism
From: Sen. Rick Gudex
Re: Assembly Bill 147, increasing the amount of Wisconsin's historic rehabilitation tax credit.

Mr. Chairman, members of the committee, thank you for hearing this bill today and for allowing me to speak on its behalf.

This bill makes significant changes to Wisconsin's historic preservation tax credit. Currently, a Wisconsin investor trying to fix up a historic property is eligible for a 5% state tax credit against expenses, if that investor qualifies for the federal historic tax credit. The problem is, the federal credit is needlessly complex, and utilizes a formula that can leave many investors – particularly small ones – out.

We fix that with Assembly Bill 147 by decoupling the state credit from the federal credit. Under this bill, Wisconsin's historic tax credit is raised to 20%, and investors in Wisconsin can qualify for Wisconsin's credit whether or not they qualify for the federal credit.

Wisconsin's historic tax credit will be available to any investor who conducts qualified rehabilitations of over \$50,000 on a qualified property. A much simpler threshold than the federal Adjusted Cost Basis formula, which tells investors whether they can use the federal credit.

That's not to say that Wisconsin's historic tax credit will just be a matter of checking a box. To qualify, a property must be listed on the state or national registers of historic places, or must be otherwise approved by the state historical preservation officer.

So this isn't just a slam dunk giveaway to big developers. This bill is specifically written to ensure that the credits help revitalize buildings of actual historic value; that the historic nature of these buildings will not be damaged or ruined by the rehabilitation; and that Wisconsin's tax credit will be a real incentive to investors, both big and small.

And we can expect positive economic results by creating this new, simpler, larger incentive for historic rehabilitation. A study conducted by Rutgers University in 2012 estimated that historic rehabilitation spending in the U.S. created nearly 64,000 jobs, \$2.7 billion in income, and over a billion dollars in new state, local, and federal tax revenues in 2011 alone. Since 1978, the federal historic tax credit has "cost" the treasury about \$19.2 billion in adjusted 2011 dollars, but has brought in \$24.4 billion in tax revenues.



State Senator
Rick Gudex

District 18

Wisconsin is already sharing in those benefits. By simplifying and then increasing Wisconsin's historic tax credit, we incentivize greater investment and make it possible for far more people to invest in the first place. That means money flowing through our economy that isn't doing so now. It means jobs both directly and indirectly. And it means a more beautiful and enticing Wisconsin, and a greater hold on our own past. As a father of two, that's also important to me.

From what I am being told by developers that utilize this tax credit in other states like Minnesota, Iowa, and Missouri, by passing this legislation and creating a level playing field right here in Wisconsin they are more likely start developing these historic buildings in Wisconsin. That is good for our job creators, good for our historic downtowns, and good for our economy.

I hope that you will join me in supporting this overwhelmingly bipartisan bill that hits a homerun for our building industry, a bill that will help to create jobs in our construction trades. Indicators are showing that building in Wisconsin is starting to rebound, this bill helps to keep that trend moving in the right direction.

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DATE: May 15, 2013

TO: Wisconsin State Assembly Tourism Committee

FROM: Amy Hansen, President, Wisconsin Downtown Action Council

SUBJECT: Assembly Bill 147, Historic Tax Credit Legislation

The Wisconsin Downtown Action Council endorses this legislation and asks for your support regarding the HTC bill. The downtowns of Wisconsin are home to countless historic commercial buildings that are currently at risk of being forever lost if drastic action isn't taken to change their redevelopment prospects. These structural icons of our downtowns offer an identity and sense of place that cannot be duplicated or replicated. Financially, many rehabilitation projects don't work simply because of the costs of renovations. In many cases, even the cost of demolition doesn't make financial sense either meaning nothing happens except a slow deterioration of the property.

The proposed expansion of the bill will spur more historic rehabilitation activity, generating additional tax revenue for the state and creating local jobs. According to the National Park Service, Iowa tripled the number of rehabilitation projects in 2006, one year after improving their historic tax credit legislation.

Jeffrey Oakman and Marvin Ward, both fiscal analysts, wondered if state historic tax credits for commercial buildings spurred the use of the federal credit, and if so, why? They completed a comprehensive examination of the 31 state tax incentives as a unit. Their research appears in the report, *Leveraging Federal Economic Development with State Historic Rehab Tax Credits*, which was released in January 2013. Their findings included:

- 1) The presence of an active state tax credit program boosts the use of the federal credit. States with active tax credit programs are bringing between \$3 to \$7 million federal dollars, which would not otherwise be available, to the state.
- 2) The analysis showed that an increase of 10% in the state credit boosted the use of the federal credit by as much as \$34 to \$78 million in additional certified expenditures.

In a report by the National Park Service, *Federal Tax Incentives for Rehabilitating Historic Buildings Statistical Report and Analysis for Fiscal Year 2012*, the median cost of projects was \$600,000, and the average number of local jobs created per project was 78. The estimated number of local jobs created was 57,783.

Historic buildings bring character to downtowns that cannot be replaced by new buildings. This architecture serves as a reminder of our past and their preservation helps foster an appreciation of Wisconsin cultures throughout the state. We ask for your help in preserving and restoring historic properties by approving this legislation.



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Wisconsin Summary 2013 State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the State (2004-2012)

- ◆ **Economic Activity.** \$664 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 13,577 jobs in the state in the past nine years¹
- ◆ **\$121 million in federal tax savings** for state property owners
- ◆ **\$45 million in state tax savings** for state property owners

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Helping the Private Sector Preserve Our Heritage

A key concept in the nation's preservation policy is that government cannot and should not own and preserve all of the country's historic properties. The National Historic Preservation Act places the government in a leadership role in advising, assisting, encouraging, and supporting private efforts to preserve the nation's heritage. The SHPO brings this expertise along with economic tools to the community level, where it helps the private sector preserve and rehabilitate the properties that they value. In those few cases where the government owns historic properties, the SHPO ensures that they act as good stewards and invest in work that maximizes the potential of these historic properties, while wisely using public funds for their upkeep.



The 1890 Wackerhagen House in Racine

Working with Wisconsin Businesses

Once a thriving manufacturing center, much of Milwaukee's Menomonee River valley is now vacant or underused. Perhaps the most visible building in the valley is a 42,000 square foot gas plant, built in 1902-03. Originally used to convert coal into gas to power Milwaukee's streetlights, it was vacant and neglected for decades, standing as a symbol of the loss of industrial manufacturing in Milwaukee. With the help of historic preservation tax credits through the Wisconsin Historical Society, it was redeveloped into the headquarters of a prominent architectural firm. It is an outstanding example of how old industrial buildings can be sensitively reused and draw national attention.



The 1902 Milwaukee Gas Light Company

¹ Based on formula in "First Annual Report on the Economic Impact of the Federal Historic Tax Credit," Rutgers University, Edward J. Bloustein School of Planning and Public Policy, 2010. <http://www.policy.rutgers.edu/reports/HTCeconimpact.pdf>



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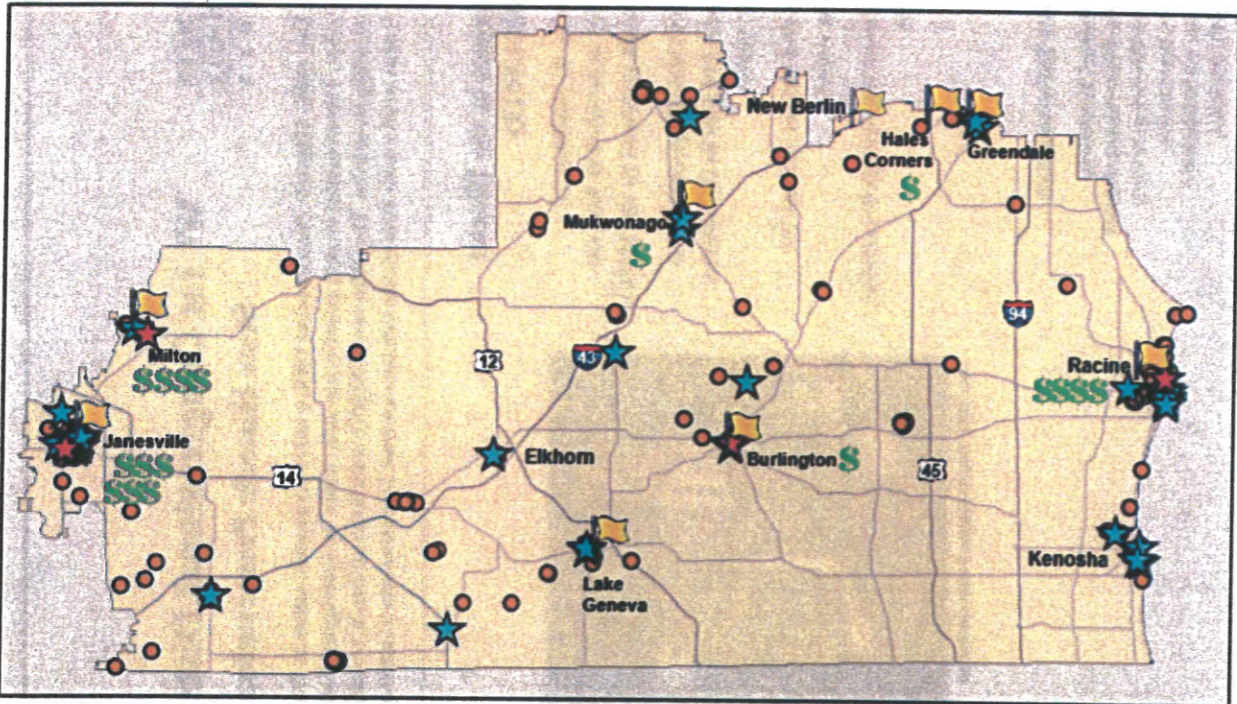
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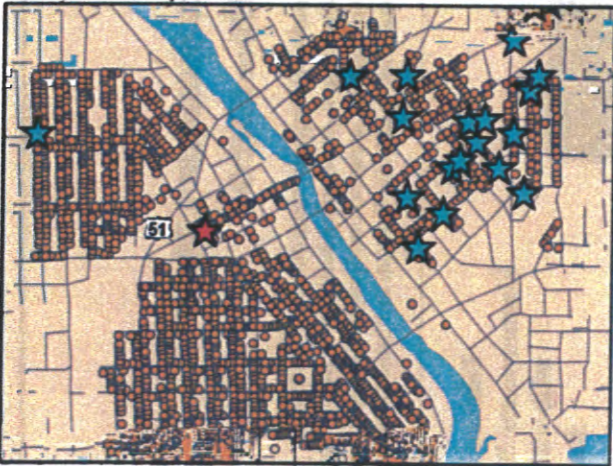
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Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 1

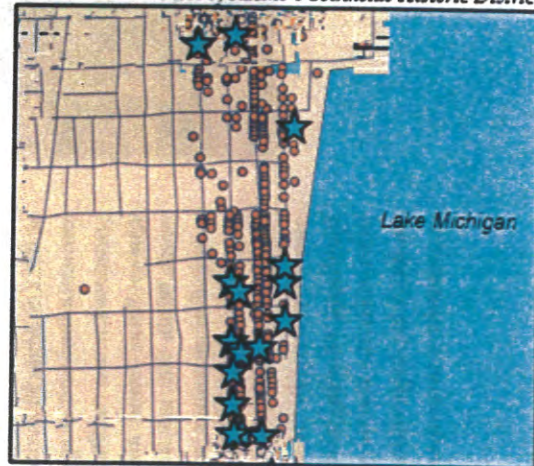
• \$11 million of economic activity 2004 - 2012
• 3,967 historic properties



Inset of downtown Janesville



Inset of Racine's Southside Historic District



- Income Producing Federal and State Tax Credit 2004-2012
- State Tax Credit 2004-2012
- Certified Local Government
- Historic Property
- Grant awarded



**WISCONSIN
HISTORICAL
SOCIETY**

Source:
Wisconsin Historic Preservation Database
Wisconsin Federal Tax Credit Database
Wisconsin State Tax Credit Database
January, 2013



WI 1st Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$11 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 219 jobs in the district in the past nine years¹
- ◆ **\$1.1 million in federal tax savings** for district property owners
- ◆ **\$1.6 million in state tax savings** for district property owners



The 1890 Wackerhagen House in Racine

District Highlight: Homeowners Preserve Heritage with a Little Help Racine

The Wackerhagen House & Garage is located at 1211 S. Main Street in Racine. In 2012, the owners submitted an application for historic preservation tax credits because their 1890 Queen Anne House and garage needed new roofs. While this may be modest in scope, it is a typical homeowner project. Historic Preservation staff at the Wisconsin Historical Society facilitate the use of financial incentives for owners who retain the character of their historic buildings, allowing private sector preservationists to take the lead in preserving their community's heritage while leveraging jobs and community reinvestment.

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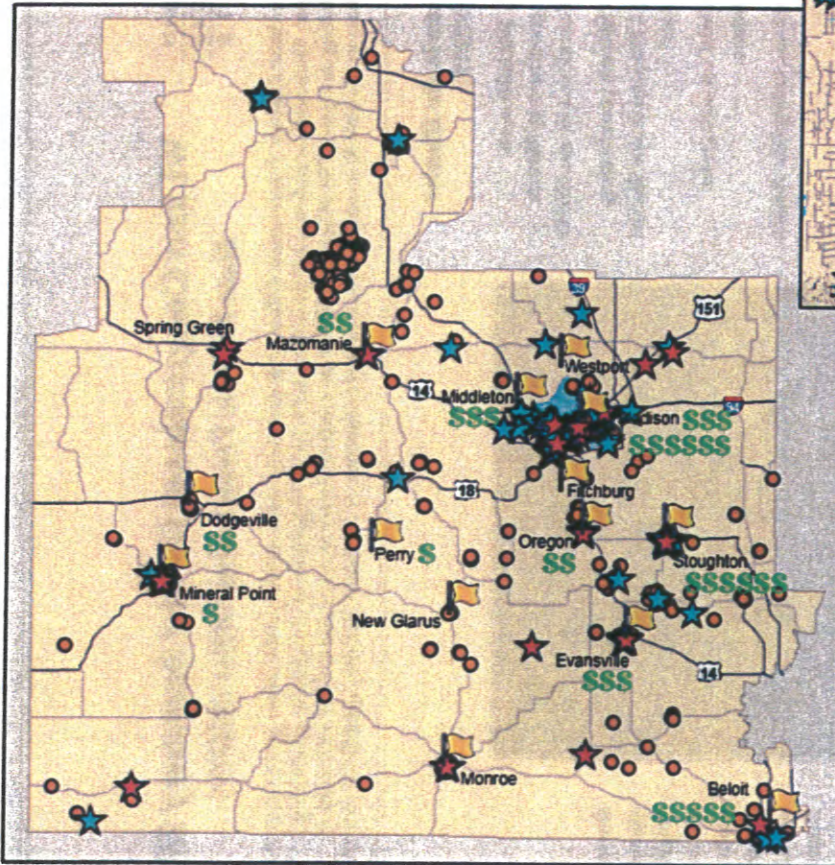
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Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 2

• \$62 million of economic activity 2004 - 2012
• 6,876 historic properties



Inset of down

- ★ Income Producing Federal & State Tax Cre
- ★ State Tax Credit 2004-2012
- 🚩 Certified Local Government
- Historic Property
- 💰 Grant awarded



Source:
 Wisconsin Historic Preservation Database
 Wisconsin Federal Tax Credit Database
 Wisconsin State Tax Credit Database
 January, 2013





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WI 2nd Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$62 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 1,268 jobs in the district in the past nine years¹
- ◆ **\$8.3 million in federal tax savings** for district property owners
- ◆ **\$7.3 million in state tax savings** for district property owners

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Rehabilitated home in Madison's Orton Park Historic District

District Highlight: Orton Park Revitalized with Historic Tax Credits Madison

Several decades ago, Orton Park, located on Madison's near east side, was a transitional neighborhood. Many of its single family residences had been converted to apartments and there had been little reinvestment. Today, this historic district has been transformed by the rehabilitation of both single family and multi-family buildings. A major catalyst in this rebirth has been two tax credit programs administered by the Wisconsin Historical Society. In 2012, the Society reviewed five homeowner and income-producing historic preservation tax credit applications for this single neighborhood. While individually these projects may be small in scope, combined over time they have had a large impact on the overall vitality of the neighborhood resulting in \$600,000 in reinvestment that has helped to stabilize property values and attract new owners and investors.

¹ Based on formula in "First Annual Report on the Economic Impact of the Federal Historic Tax Credit," Rutgers University, Edward J. Bloustein School of Planning and Public Policy, 2010. <http://www.policy.rutgers.edu/reports/HTCeconimpact.pdf>



Congressional_Maps_dist3_2012.pdf

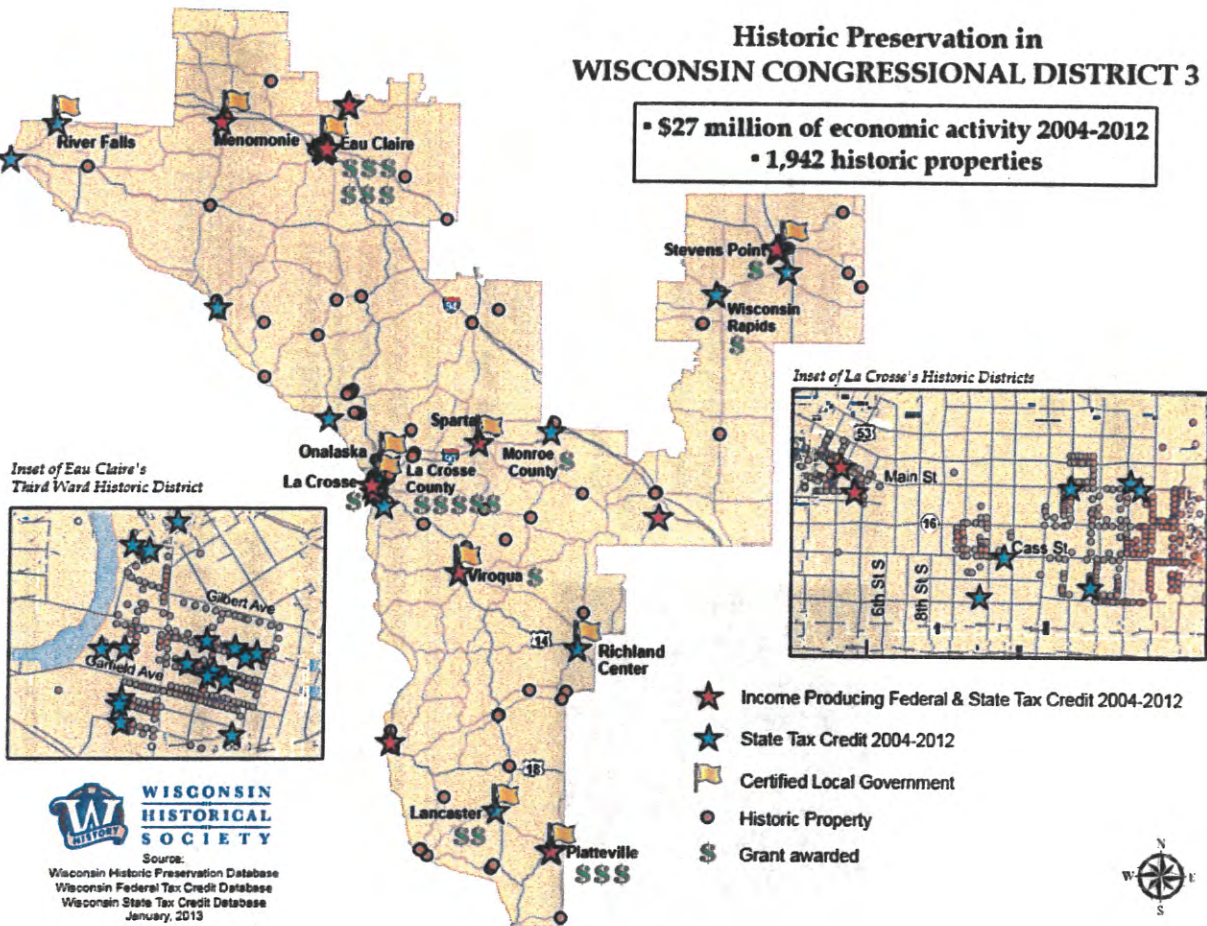
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Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 3

• \$27 million of economic activity 2004-2012
• 1,942 historic properties





WI 3rd Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$27 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 558 jobs in the district in the past nine years¹
- ◆ **\$5.1 million in federal tax savings** for district property owners
- ◆ **\$1.8 million in state tax savings** for district property owners



The 1867 Crawford County Courthouse

District Highlight: Historic Courthouse Shines Anew Prairie du Chien

Great public sentiment exists for our historic courthouses, including the Crawford County Courthouse, constructed in 1867. While considered an architectural gem in Prairie du Chien, it has been insensitively remodeled over the years. During the past year, Wisconsin Historical Society experts worked with Crawford County and its architect on a project which reversed earlier changes. The work included replacing the boiler, replacing poor aluminum windows with wood windows matching the originals, and repairing original windows that remained. The project also replaced aluminum storefront doors with period appropriate doors, created accessible restroom, and removed cheap wall paneling and acoustical ceiling tiles. Completing this recent project enhances this historic courthouse, while making it functional for our current day needs.

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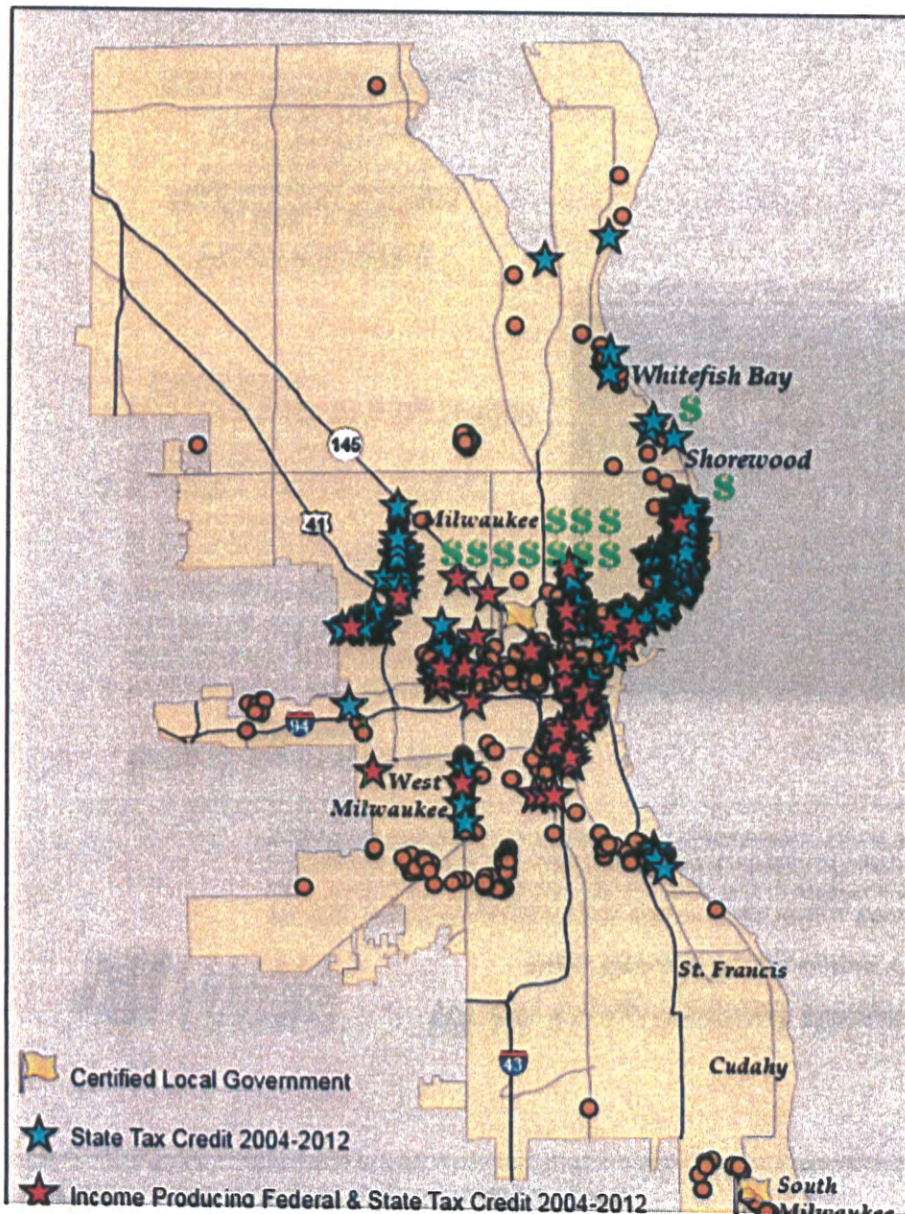
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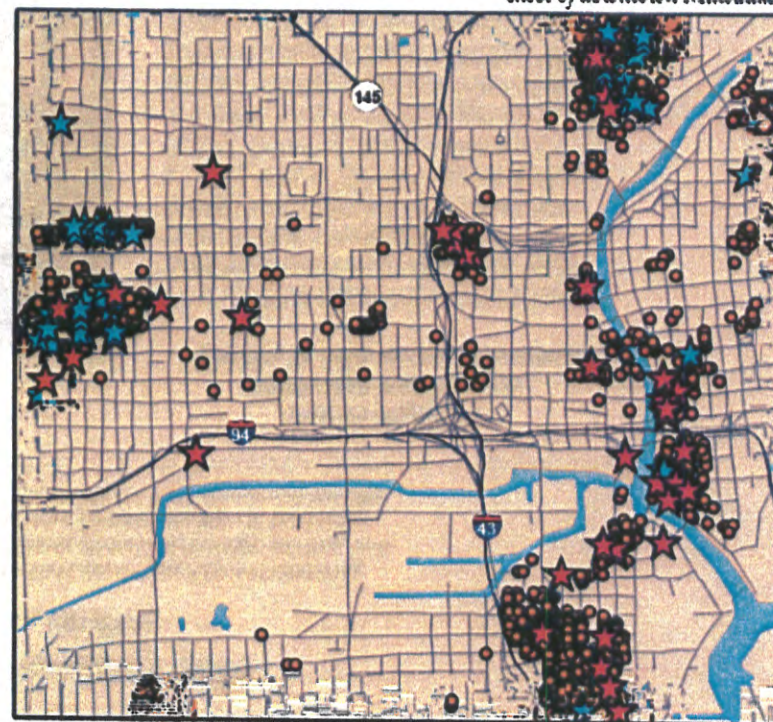
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Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 4

▪ \$484 million in economic activity 2004-2012
▪ 4,660 historic properties



Inset of downtown Milwaukee



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WI 4th Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$184 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 9,897 jobs in the district in the past nine years¹
- ◆ **\$93.5 million in federal tax savings** for district property owners
- ◆ **\$27.2 million in state tax savings** for district property owners



The 1902 Milwaukee Gas Light Company

District Highlight: Milwaukee Icon Reborn 200-224 N. 25th Street, Milwaukee

Once a thriving manufacturing center, much of the Menomonee River valley is now vacant or underutilized. Perhaps the most visible building in the valley is a 42,000 square foot gas plant, built in 1902-03. Originally used to convert coal into gas to power Milwaukee's streetlights, it was vacant and neglected for decades, standing as a symbol of the loss of industrial manufacturing in Milwaukee. With the help of historic preservation tax credits through the Wisconsin Historical Society, it was redeveloped into the headquarters of a prominent architectural firm. It is an outstanding example of how old industrial buildings can be sensitively reused and draw national attention. The building joins other recent redevelopments including the Menomonee Valley Industrial Center, the Canal Street Commerce Center, and the Harley-Davidson Museum in the reimagining of the Valley as a mix of light industry, commerce, and attractions.

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¹ Based on formula in "First Annual Report on the Economic Impact of the Federal Historic Tax Credit," Rutgers University, Edward J. Bloustein School of Planning and Public Policy, 2010.
<http://www.policy.rutgers.edu/reports/HTCEconomicImpact.pdf>



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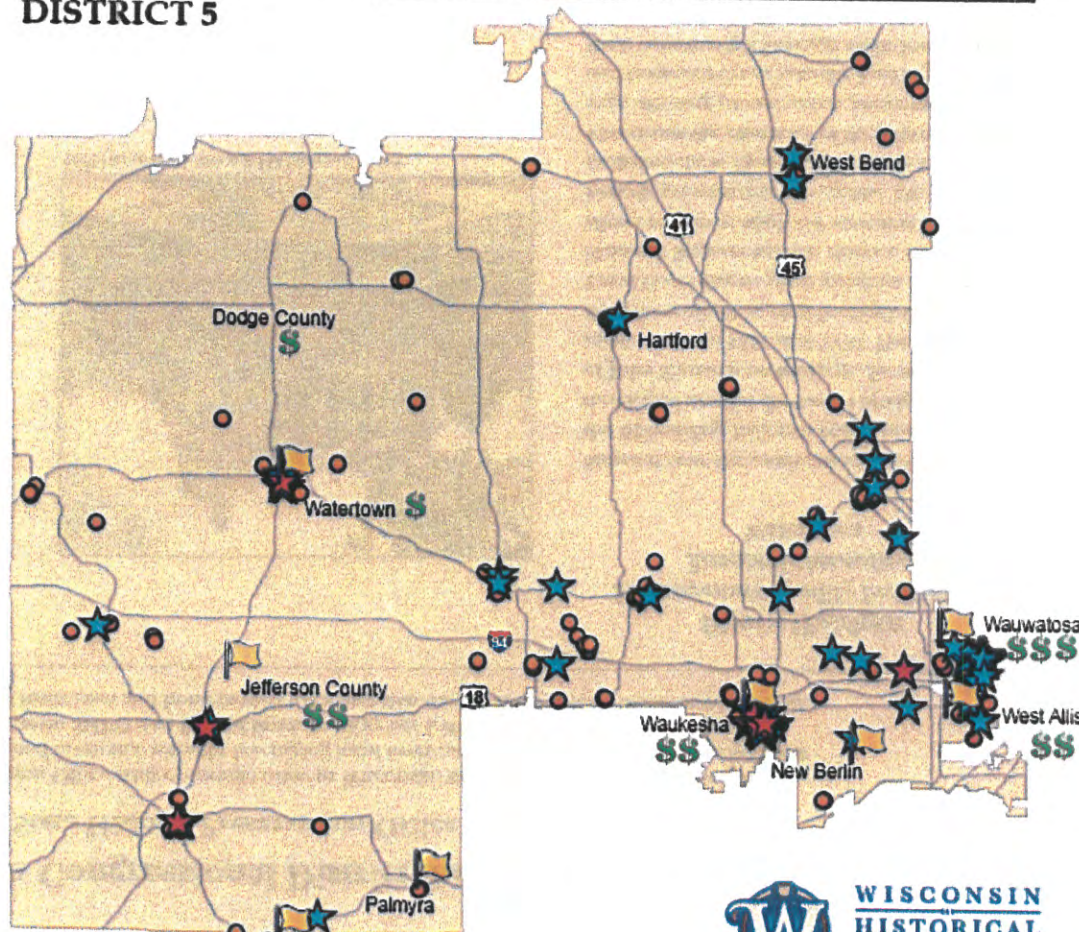
Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 5

• \$15 million of economic activity 2004-2012
• 2,056 historic properties

Inset of Wauwatosa's Washington Highlands Historic District



Inset of Waukesha's Historic Districts



- Certified Local Government
- State Tax Credit 2004-2012
- Income Producing Federal & State Tax Credit 2004-2012
- Historic Property
- Grant awarded



Source: Wisconsin Historic Preservation Database
Wisconsin Federal Tax Credit Database
Wisconsin State Tax Credit Database
January, 2013



WI 5th Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$15 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 315 jobs in the district in the past nine years¹
- ◆ **\$2.2 million in federal tax savings** for district property owners
- ◆ **\$1.7 million in state tax savings** for district property owners



1870 Home in the Richards Hill Historic District

District Highlight: Homeowners Qualify for Historic Economic Incentives Watertown

Situated near the southeast edge of Watertown, the 62-building Richards Hill Historic District developed around the famed octagon house of John Richards on his large, formerly rural estate between 1854 and 1950. The City used the Wisconsin Historical Society's Certified Local Government grant program to fund a National Register historic district. Its listing allows owners to apply for state and federal historic preservation tax credits. The Society facilitates these financial incentives for owners who retain the character of their historic buildings, allowing private sector preservationists and homeowners to take the lead in preserving their community's heritage while leveraging jobs and community reinvestment.

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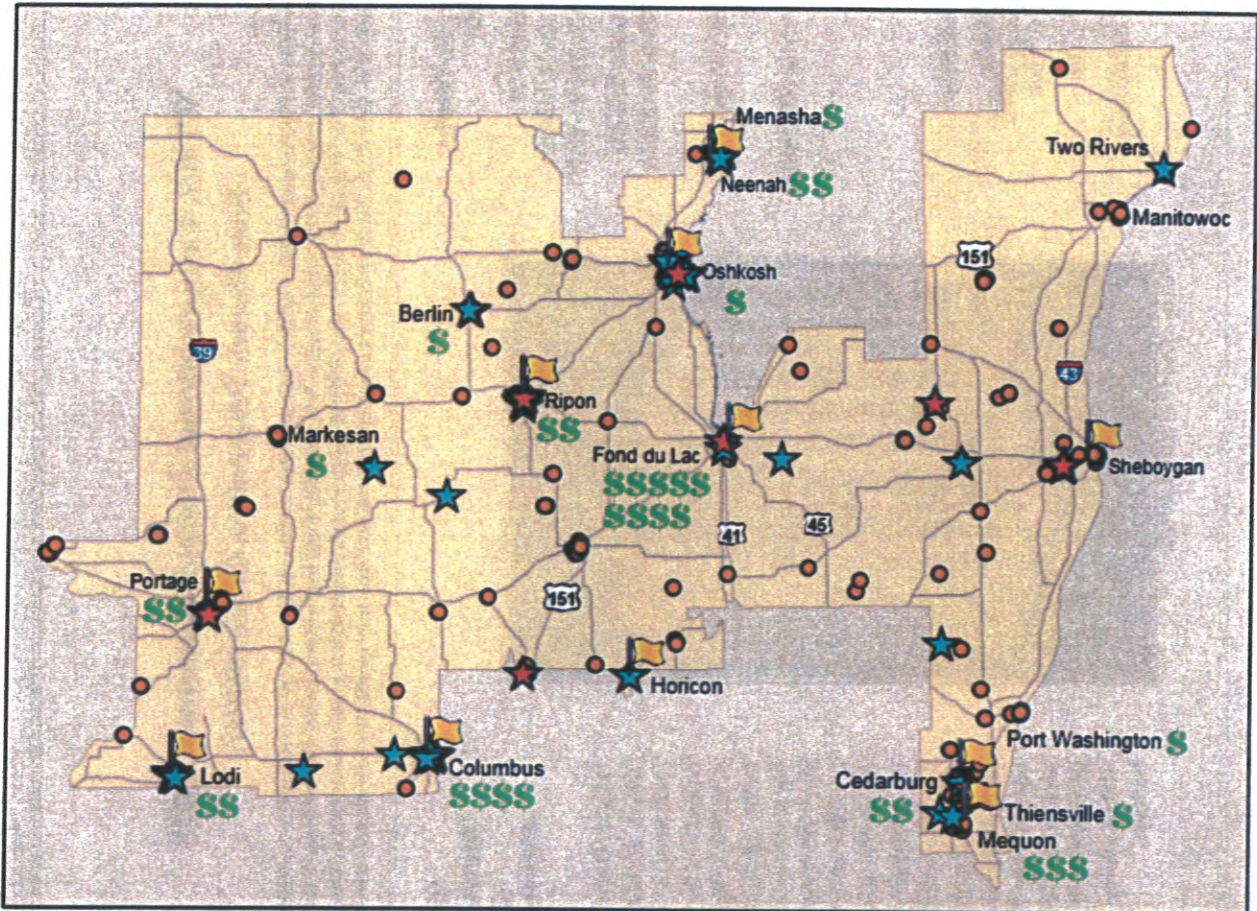
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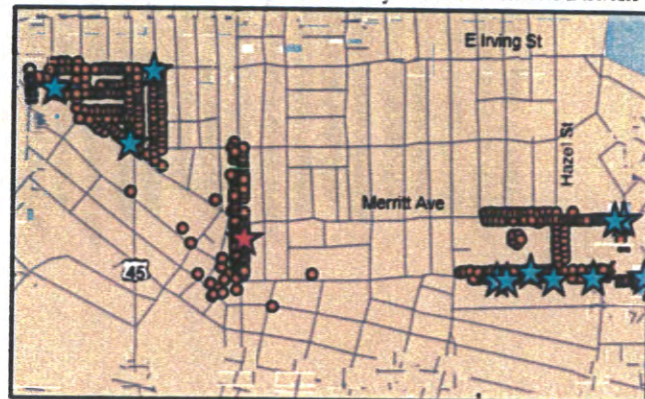
Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 6

▪ \$32 million of economic activity 2004-2012
▪ 3,015 historic properties



- ★ Income Producing Federal & State Tax Credit 2004-2012
- ★ State Tax Credit 2004-2012
- 🚩 Certified Local Government
- Historic Property
- 💰 Grant awarded

Inset of Oshkosh's Historic Districts



Source:
Wisconsin Historic Preservation Database
Wisconsin Federal Tax Credit Database
Wisconsin State Tax Credit Database
January, 2013



WI 6th Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$32 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 652 jobs in the district in the past nine years¹
- ◆ **\$5.8 million in federal tax savings** for district property owners
- ◆ **\$2.2 million in state tax savings** for district property owners

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Historic postcard view of the Raulf Hotel

District Highlight: Historic Raulf Hotel is Home to Senior Citizens 522-530 North Main, Oshkosh

Once an elegant lodging place for Oshkosh visitors, the historic Raulf Hotel faced changing economics for downtown hotels before being repurposed for senior housing. Currently known as Mainview Apartments, it is a senior housing facility run by the Oshkosh/Winnebago Housing Authority, containing 103 one-bedroom and 7 efficiency apartments. The owner's goal is to offer affordable subsidized housing for the elderly. The property had not been updated since the 1980s and was in need of a major upgrade. The Wisconsin Historical Society teamed up with HUD to provide a combination of historic preservation tax credits and low income housing financing. By using these multiple funding sources, the owners were able to upgrade units and still keep them affordable for senior citizens, while retaining an important piece of Oshkosh heritage.

¹ Based on formula in "First Annual Report on the Economic Impact of the Federal Historic Tax Credit," Rutgers University, Edward J. Bloustein School of Planning and Public Policy, 2010.
<http://www.policy.rutgers.edu/reports/HTCEconImpact.pdf>



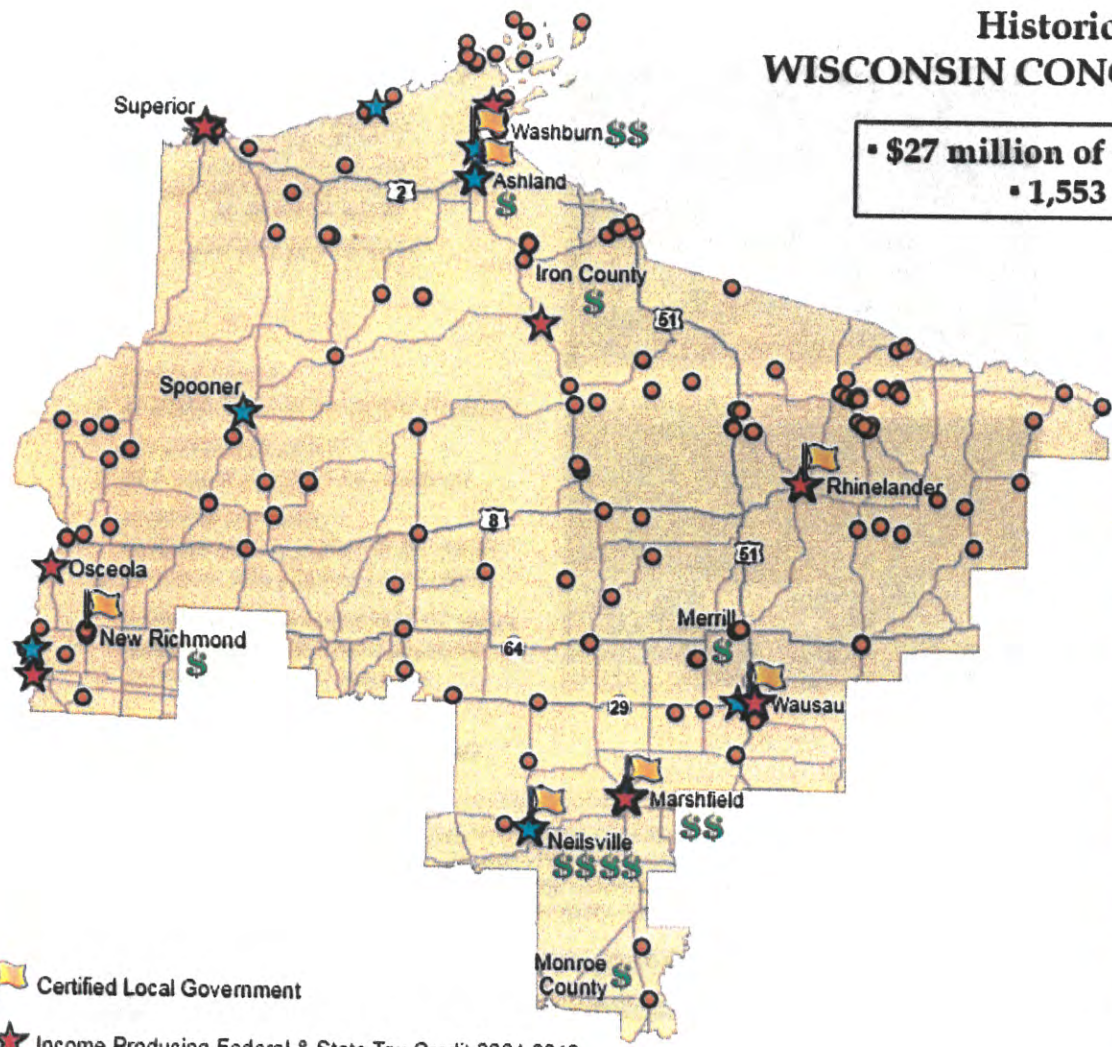
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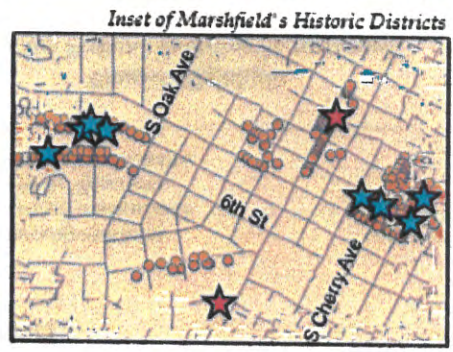
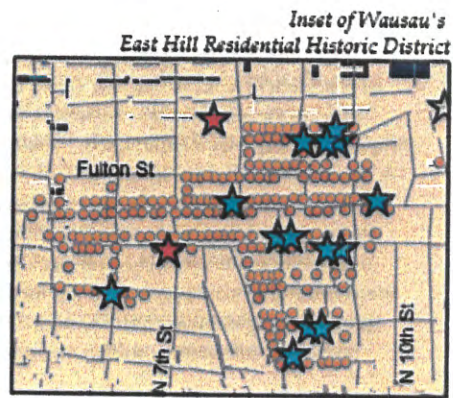
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Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 7

• \$27 million of economic activity 2004-2012
• 1,553 historic properties



- Certified Local Government
- Income Producing Federal & State Tax Credit 2004-2012
- State tax Credit 2004-2012
- Historic Property
- Grant awarded



Source:
Wisconsin Historic Preservation Database
Wisconsin Federal Tax Credit Database
Wisconsin State Tax Credit Database



WI 7th Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$27 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 554 jobs in the district in the past nine years¹
- ◆ **\$5.2 million in federal tax savings** for district property owners
- ◆ **\$1.6 million in state tax savings** for district property owners

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The rehabilitated Wausau Federal Building



An apartment in the rehabilitated 1938 Wausau Federal Building

District Highlight: Vacant Federal Building Repurposed Wausau

In 1998, the City of Wausau purchased the vacant 1938 Art Deco Wausau Federal Building from the General Services Administration. It had served as a federal courthouse, office building, and post office, but now sat vacant and in need of major rehabilitation. The City had neither the funds, nor the space needs, to rehabilitate this building. The City entered into a long-term lease with a private sector firm, Metro Plains Development, which applied to the Wisconsin Historical Society for federal historic preservation tax credits to help support its conversion into apartments. The new use maintains historic features of the building such as the post office lobby with a historic mural and the courtroom while breathing new life into a vacant building.

¹ Based on formula in "First Annual Report on the Economic Impact of the Federal Historic Tax Credit," Rutgers University, Edward J. Bloustein School of Planning and Public Policy, 2010.
<http://www.policy.rutgers.edu/reports/HTCeconimpact.pdf>



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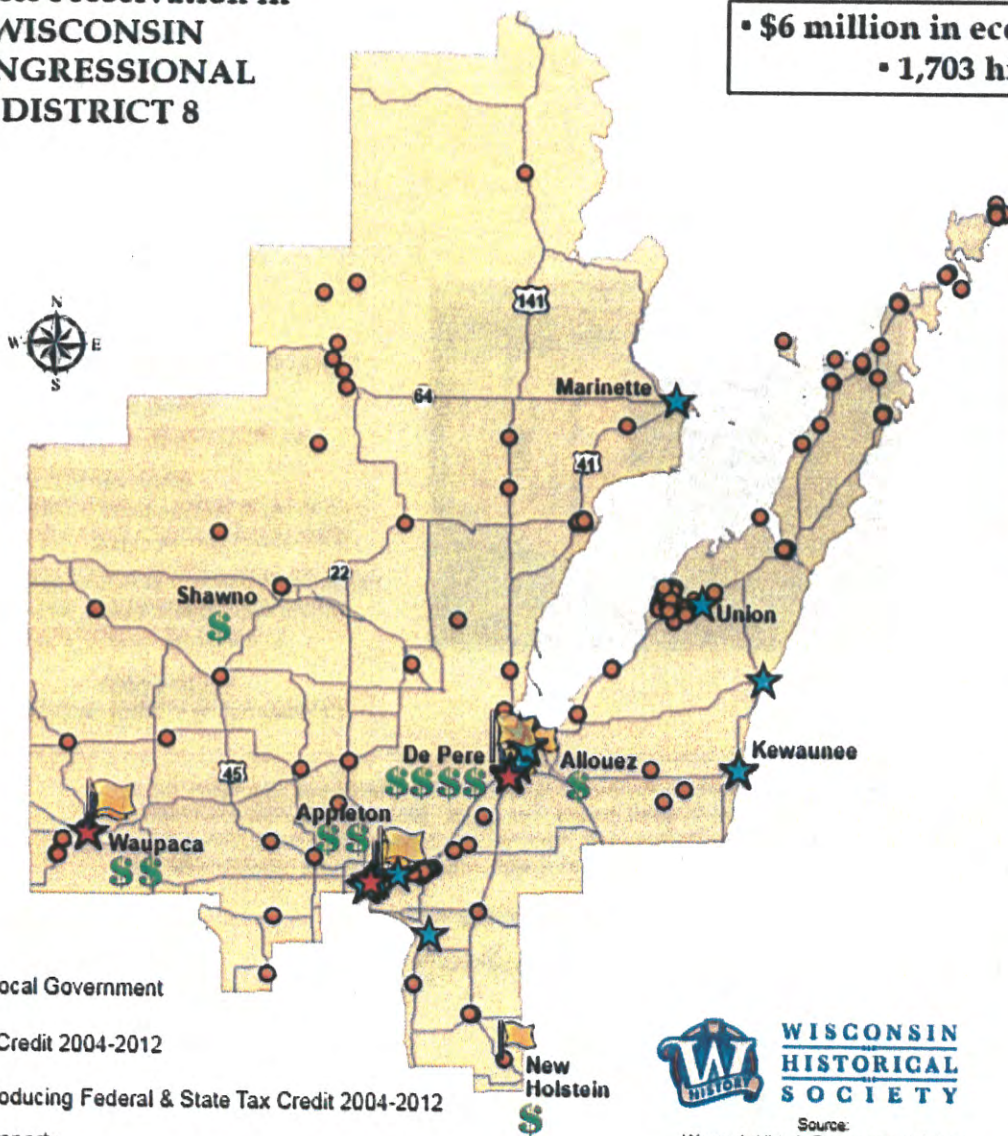
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Historic Preservation in WISCONSIN CONGRESSIONAL DISTRICT 8

• \$6 million in economic activity 2004 - 2012
• 1,703 historic properties



Inset of Green Bay's Astor Historic District



Inset of Appleton City Park Historic District

- Certified Local Government
- State Tax Credit 2004-2012
- Income Producing Federal & State Tax Credit 2004-2012
- Historic Property



Source:
Wisconsin Historic Preservation Database
Wisconsin Federal Tax Credit Database
Wisconsin State Tax Credit Database



WI 8th Congressional District Summary 2013

State Historic Preservation Office (SHPO)

The State Historic Preservation Office adds economic value to Wisconsin, while preserving places of enduring value. Preservation makes good economic sense by leveraging local investment, promoting heritage tourism, and creating new jobs. The Wisconsin SHPO uses federal funds to carry out federal preservation laws in Wisconsin. It also works with Wisconsin businesses and homeowners to ensure that they qualify for federal and state benefits.

Economic Impact in the District (2004-2012)

- ◆ **Economic Activity.** \$6 million of economic activity generated by historic rehabilitation work reviewed by the SHPO
- ◆ **More jobs.** SHPO historic preservation programs created 119 jobs in the district in the past nine years¹
- ◆ **\$667,000 in federal tax savings** for district property owners
- ◆ **\$772,000 in state tax savings** for district property owners



Restored Main Street building in De Pere

District Highlight: Tax Credits Transform Vacant Building 301 Main Avenue, De Pere

The recent economic downturn found this 1880s saloon, which had continued as a tavern well into the mid-1900s, vacant and turned over to the city to settle back taxes. It is typical of downtown main street buildings found throughout the district, being 30 feet wide and having common party walls. Using the historic preservation tax credits, the building was cleaned up and the exterior restored. Inside, both the first and second floors were repurposed as offices. The rear of the building was modified to create an accessible entrance. Tax credit projects are often catalysts for other nearby buildings. This project spawned the rehabilitation of a vacant local library into a law office and renovation of another building in the middle of the Main Street historic district.

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¹ Based on formula in "First Annual Report on the Economic Impact of the Federal Historic Tax Credit," Rutgers University, Edward J. Bloustein School of Planning and Public Policy, 2010.
<http://www.policy.rutgers.edu/reports/HTCeconimpact.pdf>

State Tax Credits for Historic Preservation



**National Trust for
Historic Preservation**
Save the past. Enrich the future.™

**A Policy Report Produced by the
National Trust for Historic Preservation**

Written by Harry K. Schwartz

Introduction

To date, thirty-one states in the country have adopted laws creating credits against state taxes to provide incentives for the appropriate rehabilitation of historic buildings. In most cases these tax credits take the form of the very successful federal income tax credit for historic rehabilitation contained in Section 47 of the Internal Revenue Code.

Although the tax credits vary from state to state, most programs include the following basic elements:

- Criteria establishing what buildings qualify for the credit.
- Standards to ensure that the rehabilitation preserves the historic and architectural character of the building.
- A method for calculating the value of the credit awarded, reflected as a percentage of the amount expended on that portion of the rehabilitation work that is approved as a certified rehabilitation.
- A minimum amount, or threshold, required to be invested in the rehabilitation.
- A mechanism for administering the program, generally involving the state historic preservation office and, in some cases, the state department of revenue or the state department of economic development.



Why Do Some State Tax Credits Work Better Than Others?

Not all state tax credit programs are created equal. Some state programs have been extraordinarily productive in stimulating rehabilitation activity. Many others have produced mixed or minimal results.

What causes these programs to fall short? In general, two factors greatly influence the effectiveness of the state historic tax credits: a limit or cap on the amount of credit and a lack of transferability.

Annual Aggregate Caps

A well-thought-out and skillfully drafted tax incentive for historic preservation cannot achieve its objectives if the total amount of credits that can be awarded annually is subject to a statutory limit, particularly if the limit is fixed at a low figure. For example, Kentucky has a 20% credit for commercial buildings and a 30% credit for owner-occupied residences, but only a \$5 million annual cap.

Indiana has annual aggregate caps of just \$450,000 for commercial projects and \$250,000 for residential projects. Even if the annual limit is relatively high, the very act of imposing a cap alters the nature of the program and can produce a perverse result, rewarding projects that do not require an incentive while excluding projects that cannot proceed without the state incentive.

Where demand for credits exceeds the amount permitted by law, applicants either must compete for credits or participate in a lottery or other arbitrary allocation system. Projects that truly require the state credit to be financially feasible have tended to be discouraged from participating because of the lack of certainty as to the outcome, the cost of preparing a competitive application that nonetheless may be unsuccessful, and the difficulties of keeping financing commitments in place during the evaluation process.

Individual Project Capping

Some states have sought to ease concerns about the costs of the credits to the state treasury by imposing caps on the dollar amount of credits that can be awarded to individual projects, while avoiding the pitfalls of annual aggregate caps. The effectiveness of the credits in providing incentives to developers is likely to be a function of how high the limit is set. Some states have experimented with project credits as high as \$5 million per project (e.g., Connecticut and Maine).

However, given the present state of the economy, and in particular the difficulty in obtaining financing for construction projects, it is difficult to assess the effectiveness of the incentives provided by credits limited in this fashion. Clearly, however, limits as low as that allowed under Colorado law, which is presently set at \$50,000, are inadequate to provide an incentive for the rehabilitation of large commercial buildings.

Transferability

A state tax credit has value only to the extent that the credit holder has sufficient liability for state taxes that the credit can be used to offset. Although state tax rates vary, they are far lower than federal income tax rates. As a consequence, an apparently valuable state tax credit may wind up in the hands of a party unable to use it. There are several remedies to solve this problem, but many state statutes do not provide for them.

What Makes a State Tax Credit Good?

Eligible Buildings

The scope of eligible buildings should include:

1. Buildings individually listed in the National Register of Historic Places,
2. Buildings located in historic districts listed in the National Register that contribute to the historic character of the district or in districts certified as eligible for listing,
3. Individual buildings that have been locally designated as landmarks, and
4. Buildings located in local historic districts that contribute to the historic character of the district.

Standards for Rehabilitation

The state should adopt the Secretary of the Interior's Standards for Rehabilitation, as interpreted by the state historic preservation officer.

Availability for Homeowners

The credit should be available for owner-occupied residences as well as commercial property. This is particularly important because there is no federal credit for owner-occupied residences.

Important Definitions

Carry Back — the ability to apply current tax credits against state income taxes due in preceding years.

Carry Forward — the ability to apply current tax credits against taxes due in future years.

CLG (Certified Local Government) — a local government certified by the state historic preservation officer as having the capacity to administer historic preservation programs, including grants under the National Historic Preservation Act.

Disproportionate Allocation — a mechanism involving the use of pass-through entities by which a state tax credit can be allocated to a taxpayer within the state in which the project is located, while the federal tax credit for the same project is allocated to an out-of-state person or entity.

Freely Transferable — the ability to make an outright transfer or assignment of the tax credit to another person or entity.

Secretary of the Interior's Standard for Rehabilitation (DOI) — general standards adopted by the Department of the Interior governing the rehabilitation of historic buildings. Rehabilitation must be carried out in accordance with these standards to qualify for federal rehabilitation tax credits for historic buildings as well as for many state tax incentives or financing programs.

Recapture Period — period of time during which specified action, such as a change in ownership of the property, will trigger an obligation to pay back a ratable portion of the tax credit previously claimed.

Sunset Date — the date on which a statutory provision will expire.

Appropriate Rates

The percentage rate of the credit should be fixed at a level high enough to constitute a meaningful incentive, typically in the range of 20 percent to 30 percent of qualified rehabilitation expenditures.

Rates that are significantly lower don't provide enough incentive to make a difference in a developer's decision to undertake a historic preservation project. As a negative example, Montana provides only a 5 percent tax credit for the rehabilitation of commercial structures when the federal 20 percent credit is used.

Transferability

As mentioned earlier, there needs to be a workable mechanism to put the credit in the hands of the party that can use it. States have solved this problem in one or more ways:

1. The tax code may permit the party that earns the credit to sell it outright to a third party with adequate tax liability to use it. For example, Kansas, Kentucky, Oklahoma, and Missouri permit the taxpayer to sell or convey the tax credits in this manner.
2. The code may permit a partnership that owns the property to make a disproportionate distribution of the credit, so that a local taxpayer can acquire the state tax credit while a national corporation not doing business in the state acquires the federal tax credit. Virginia, Kansas, and Delaware, for example, allow the credit to be passed through and allocated to partners or shareholders in this way.
3. The code may allow a tax credit not fully usable in the current year to be carried back to offset taxes previously paid for prior tax years. This provision appears to be unique among the states to Missouri and West Virginia, although it is a feature of the federal program.
4. The tax credit may be refundable, so that any amount not used to offset current-year taxes is paid in cash to the holder of the credit. Since homeowners earning credits are effectively precluded from using the more complex techniques for transferring credits, the most practical solutions for them are to allow the unused credit to be either refunded or sold outright. Maryland, Ohio, Iowa, and Louisiana provide a refundable tax credit, which is of particular value to lower-income homeowners.

Annual Aggregate Caps

Although state legislatures and their fiscal analysts prefer to keep a tight grip on the award of tax credits, those states that have resisted capping have had an economic advantage in attracting capital for historic preservation.

Eligible Claimants

In a number of states entities such as insurance companies, banks and public utilities are not taxed under the state corporate income tax law, but are subject to tax laws that are specific to their industries. Where this is the case, provision should be made to permit the credits to be used under these laws, so as to enable sales of tax credits to these companies.

The Current Fiscal Crisis

The nationwide economic recession has produced serious adverse impacts on state budgets. Unlike the federal government, as a general rule states are required by their constitutions to produce a balanced budget each year.

On one hand, the recession has greatly reduced state revenues from taxes. To meet these gaps, state legislators and budget officers have sought ways to cut spending and reduce draws on state treasuries, including draws resulting from the awards of state tax credits. Not surprisingly, the states that are most vulnerable to attack on their historic tax credit programs are those that have had the most generous, and the most effective, tax credit laws such as Rhode Island and Missouri. The fiscal climate has also slowed efforts to enact tax credit laws in some states.

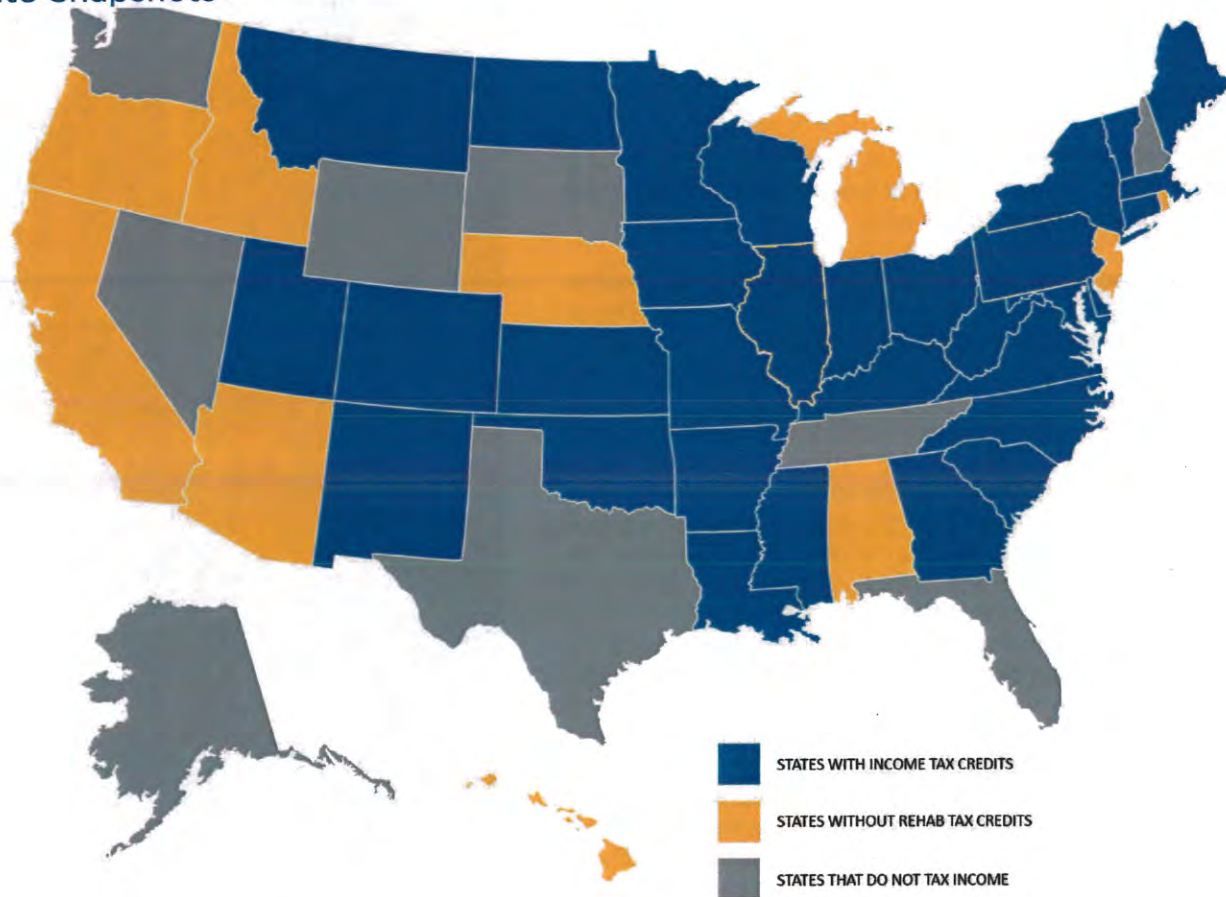
Conversely, economic data shows that historic tax credits are highly effective at creating jobs and returning tax revenues to state treasuries. So some states, like Minnesota, are enacting or expanding these job-creating programs.

In terms of timing, it generally takes between two to three years for large rehabilitation tax credit projects to be completed. Then it takes anywhere from 6 to 12 months for the certification to be completed and the tax credits to be used. The lengthy, labor-intensive rehabilitation process allows states to offer an incentive that creates jobs and produces tax revenues now, when both are needed, and pay out the state investment years later when the credits are claimed in a stronger economy.

Geographic Distribution and Targeting

In order to make sure that the benefits of the credit are felt in all parts of the state, some states have experimented with geographical set-asides for rural areas, or limits on the percentage of the credits that can be claimed for metropolitan areas. Another approach would limit the use of the credit to areas of physical deterioration and economic distress. These techniques should be evaluated with care to make sure that the limitations do not interfere with achieving the goals of the state's historic rehabilitation program.

State Snapshots



Arkansas	25% credit for certified rehabilitation of eligible income and non-income producing properties. Annual program cap of \$4 million in credits; per-project caps of \$125,000 in credits for income-producing properties and \$25,000 in credits for non-income producing properties. Min. expenditures: \$25,000. Carry forward: 5 years. Freely transferable by either direct sale or disproportionate allocation among partners of a syndication partnership. Applications will be ranked in accordance with the following criteria: Creation of new business, expansion of existing business, tourism, business revitalization, and neighborhood revitalization, in that order. Sunset date: 2021.	Arkansas Historic Preservation Program 501-324-9880 www.arkansaspreservation.org/
Colorado	20% credit for income-producing and homeowner properties. No aggregate statewide dollar cap, but per project cap of \$50,000 per year. Minimum investment: \$5,000. Carry forward: 10 years. DOI standards apply and work must be completed within 2 years of inception date of project. CLG can review and approve project. In the event of project budget shortfall for any year, credit is deferred to next year in which shortfall is not projected. Sunset date: 2019.	Colorado Historical Society 303-866-3395 www.coloradohistory-oahp.org/programareas/itc/taxcredits.htm

Connecticut	<p>25% credit for converting historic commercial, industrial, former government property, cultural building, institutional, or mixed residential and non-residential property to mixed residential and non-residential uses or non-residential use (including commercial, institutional, governmental or manufacturing use). Credit is increased to 30% if (a) at least 20% of units created are affordable rental units, or (b) at least 10% of units created are affordable homeownership units. Caps: \$50 million over 3 years and \$5 million per project. Carry forward: 5 years. Property must be listed individually on the national register or located in a district listed on the national or state register and certified as contributing. Freely transferable either by direct sale or disproportionate allocation among partners of a syndication partnership. (Section 10-416-b)</p> <p>25% credit for converting commercial or industrial property for residential use only. Caps: \$2.7 million per project and \$15 million annual aggregate. Carry forward: 5 years. Freely transferable either by direct sale or disproportionate allocation among partners of a syndication partnership. Property must be listed individually on the national or state register or located in a district listed on the national or state register and certified as contributing. Minimum expenditure: 25% of assessed building value. Credit can offset income tax liability as well as taxes owed by insurance companies and utilities. Section 10-416a.</p> <p>30% credit for eligible rehab of owner-occupied residence, including apartments up to 4 units. Eligible properties: National and/or State Register of Historic Places, must be located in areas targeted as distressed. Cap: \$30,000 per dwelling, \$3 million annual aggregate. Recapture period: 5 years. Carry forward: 4 years. Minimum expenditure: \$25,000. Credit can be used only to offset corporate taxes. Corporations may qualify either by purchasing tax credits or loan principal reduction.</p>	Connecticut Historical Commission 860-566-3005 www.cultureandtourism.org/cct/taxonomy/taxonomy.asp?DLN=43543&cctNav= 43543
Delaware	20% credit for income-producing properties and a 30% homeowner credit. A 10% bonus credit applies for both rental and owner-occupied projects that qualify as low-income housing. Carry forward: 10 years. Homeowner credit cannot exceed \$20,000. Credits are freely transferable either by direct transfer or disproportionate allocation. Credits claimed in annual progress-based installments with phased projects. The maximum amount of credits in any fiscal year is \$5 million of which \$2 million is set aside for projects receiving under \$300,000 in tax credits and \$100,000 set aside for qualified resident curators. Sunset: 2020.	Delaware State Historic Preservation Office 302-739-5685 www.history.delaware.gov/preservation/default.shtml
Georgia	25% credit for certified historic properties, both owner-occupied residences and income-producing. Additional 5% credit for residence located in a HUD target area. Credit cap: \$100,000 for an owner-occupied historic home, and \$300,000 for income-producing buildings, including residential rentals. Carry forward: 10 years. Transfer permitted by disproportionate allocation, or if property is sold and no part of credit taken.	Georgia Historic Preservation Division 404-656-2840 www.gashpo.org
Illinois ** ** NOT a statewide program	<i>25% credit for eligible expenditures on rehabilitation of properties eligible for the federal Historic Rehabilitation Tax Credit located in designated River Edge Redevelopment Zones approved by the state in portions of Aurora, East St. Louis, Elgin, Peoria and Rockford. Minimum investment: greater of \$5,000 or 50% of the purchase price. DOI standards apply. Credits are transferrable by disproportionate allocation. No per project cap and no aggregate annual cap on dollar value of credits issuable.</i>	<i>Illinois Historic Preservation Agency 217-557-0513 www.illinoishistory.gov</i>
Indiana	20% of rehab costs up to \$100,000 for qualifying commercial, rental housing, barns and farm buildings. Minimum investment \$10,000. Per-project cap: \$100,000. \$450,000 annual statewide cap for commercial credits and \$250,000 for owner-occupied residences. State register properties qualify. Carry forward: 15 years. Preapproval of work required. No fees. DOI standards apply. Owner-occupied residential: 20% of rehab costs. Costs must exceed \$10,000.	Indiana Department of Natural Resources 317-232-1646 www.state.in.us/dnr/historic/2814.htm
Iowa	25% credit for eligible commercial properties, owner-occupied	State Historical Society of Iowa

Iowa, cont.	residential properties and barns. Annual cap: \$45 million. Allocation of credits: 10% of credits for small projects; 30% for projects located in cultural and entertainment districts; 20% for disaster recovery projects; 20% for projects that create more than 500 permanent new jobs, and 10% for statewide projects. No project cap. Fully refundable with interest or carried forward 1 year. Minimum expenditure for commercial property: 50% of the assessed value of the commercial property, excluding the land. Minimum expenditure for owner-occupied residential or barn property: the lesser of \$25,000 or 25% of the assessed value, excluding the land. The project shall begin before the end of the fiscal year in which the Part 2 application was approved. The project must be completed within 60 months of the Part 2 approval. Credits in excess of min. established by Dept. of Revenue are fully transferable and all tax credits reserved for a fiscal year on and after July 1, 2012 may be transferred by disproportionate allocation."	Historic Preservation and Cultural and Entertainment District Tax Credit Program 515-281-4137 www.iowahistory.org/historic-preservation/tax-incentives-for-rehabilitation/index.html
Kansas	25% income tax credit for commercial and owner-occupied residential properties. 30% income tax credit for nonprofits. Annual cap of \$3.75 million in credits claimed for FY2010. No per-project cap. Carry forward: 10 years. \$5,000 minimum on qualified expenditures necessary. Credit freely transferable either by direct transfer or disproportionate allocation.	Kansas State Historical Society 785-272-8681 www.kshs.org/resource/statetax.htm
Kentucky	30% income tax credit for owner-occupied residential properties. A minimum investment of \$20,000 is required, with the total credit per project not to exceed \$60,000. 20% income tax credit for all other properties including properties owned by entities exempt from tax under section 501(c)(3) of the Internal Revenue Code and state and local governmental subdivisions and agencies. Minimum investment of \$20,000 or adjusted basis, whichever is greater, subject to \$400,000 per project cap. Both credits are fully refundable or transferable, but disproportionate allocation is prohibited. \$5 million annual program cap applies to the aggregate of homeowner and commercial/nonprofit credits. All credits are subject to proportional reduction if the value of credits claimed exceeds the annual aggregate cap.	Kentucky Heritage Council 502-564-7005 www.heritage.ky.gov/incentives/
Louisiana	25% credit for income-producing properties in "downtown development districts." \$5 million cap per taxpayer for structures within a downtown development district. No statewide cap for commercial credits. Minimum investment: \$10,000. Directly transferable. 5 year carry-forward for commercial credits. Sunset date: Jan. 1, 2016. After July 1, 2011, 25% rate for owner-occupied residences; 50% credit for blighted homes over fifty years old. \$1 million statewide cap for owner-occupied residences. Minimum investment: \$10,000. Homeowner credit must be taken in five equal annual installments and is fully refundable. Sunset date: Jan. 1, 2016.	Louisiana Department of Culture, Recreation & Tourism 225-342-8160 www.crt.state.la.us/hp/taxincentives.aspx
Maine	25% credit for qualifying rehab expenses of certified historic structure. 30% credit where at least 33% of the aggregate square feet of the completed project creates new affordable housing. Affordable housing credit may be increased each tax year by 1% till reached maximum of 35% in 2013. Minimum expenditures: Same as federal tax credit. If federal credit is not claimed, min. expenditure is \$50,000 and maximum is \$250,000. Cap: \$5 million per project cap; no annual statewide cap. Credits are fully refundable and freely transferable by disproportionate allocation. Credit must be taken in 4 equal installments with first year being year property is placed into service. Sunset date: Dec. 31, 2023.	Maine Historic Preservation Commission 207-287-2132 www.maine.gov/mhpc/tax_incentives/index.html
Maryland	20% credit for commercial buildings and owner-occupied residences; additional 5% credit for high performance commercial buildings that achieve LEED gold rating or comparable rating from another rating system; 10% credit for non-historic, "qualified rehabilitated structures," commercial properties located in Main Street Maryland community and after 2012 in a designated "sustainable" community. Annual appropriation required for commercial side of program; unused amounts may be carried over to following year. Per-project cap: commercial - \$3	Maryland Historical Trust 410-514-7628 www.marylandhistoricaltrust.net/taxcr.html

Maryland, cont.	million; owner-occupied - \$50,000. Competitive award process for commercial properties. No more than 75% of funds available for commercial projects in any year may go to any single jurisdiction. Minimum investment: the greater of 100% of the adjusted basis or \$25,000 for commercial properties; \$5,000 for owner occupied properties. Fully refundable. Program sunsets in 2014.	
Massachusetts	20% credit for eligible income-producing properties. 25% credit for projects with affordable housing. \$50 million annual statewide cap. Carry forward: 5 years. DOI standards apply. Permits direct transfer of credit or transfer by disproportionate allocation. Min. investment: 25% of adjusted basis. Funded through 2017.	Massachusetts Historical Commission 617-727-8470 www.sec.state.ma.us/mhc/mhctax/taxidx.htm
Minnesota	Credit equal to 100% of the federal credit allowed for the rehabilitation of a certified historic commercial property against taxes or grant equal to 90% of federal credit allowed. No annual program cap and no per-project cap. Credit freely transferable either by direct transfer or disproportionate allocation. Credit is fully refundable. Credit may be used by insurance companies as well as other corporations and individuals. Application must be made for the credit before the rehabilitation begins. Program starts May 1, 2010 and sunsets in Fiscal Year 2015.	State Historic Preservation Office, Minnesota Historical Society 651-259-3000 www.mnhs.org/shpo/grants/index.htm
Mississippi	25% credit for commercial property and for owner-occupied residences. Program is capped at \$60 million. Minimum investment of 50% of the total basis for commercial properties; \$5,000 for owner-occupied residences. Carry forward: 10 years. If credit exceeds \$250,000, 75% can be refunded in lieu of 10 year carry-forward. Refunds must be taken in two equal installments starting the year the rehabilitated property is placed in service. Transfer permitted by disproportionate allocation but can not be used in conjunction with refund provision. Sunset date: 2014.	Division of Historic Preservation, Mississippi Department of Archives and History 601-576-6940 www.mdah.state.ms.us/hpres/prestaxincent.html
Missouri	25% credit for commercial and owner-occupied residential properties listed in National Register or listed as contributing to a federally certified historic district. Rehab work must meet DOI standards. Qualified expenditures must exceed 50% of total basis of the property. Carry back: 3 years. Carry forward: 10 years. Transfer permitted by direct transfer or disproportionate allocation. Per-project cap for owner-occupied single-family residences: \$250,000 in credits. Beginning July 1, 2010, the Dept. of Economic Development can not approve more applications than would in the aggregate result in more than \$140 million in credits. Any project receiving preliminary approval after Jan. 1, 2010, whose eligible costs would be more than \$1.1 million, is subject to the cap. Projects with eligible costs less than \$1,100,000 are not subject to cap. Projects subject to the cap are prioritized on first-come first serve basis; where applications received on same day, lottery will be held. Unfunded projects carry over into next funding round. Requires rehab to start within 2 years of authorization. Credits must be issued within 12 months of rehab completion.	Missouri Historic Preservation Program 573-751-7858 www.dnr.mo.gov/shpo/TaxCrdts.htm
Montana	Income-producing certified historic properties automatically receive 5% state tax credit if the property qualifies for the 20% federal credit. Carry forward: 7 years.	Montana State Historic Office 406-444-7715 www.his.state.mt.us/shpo/istarch.asp
New Mexico	50% of rehab costs for all properties listed in the State Register of Cultural Properties. Also applies to stabilization and protection of archeological sites listed in the State Register of Cultural Properties. No annual statewide cap. Per-project cap: \$25,000 outside an Arts and Cultural District; \$50,000 located within an Arts and Cultural District. DOI standards apply. Carry forward: 4 years. Pre-approval required.	New Mexico Historic Preservation Division 505-827-6320 www.nmhistoricpreservation.org/PROGRAMS/creditsloans_taxcredits.html
New York	20% credit for certified commercial properties located in 1) a census tract with a median income at or below the State Family Median Income level, 2) a Qualified Census Tract (QCT) Section 143 (J) of the Internal Revenue Code, or 3) in a state Area of Chronic Economic Distress. Per project cap: \$5 million in credits. Must be used in conjunction	New York State Historic Preservation Office 518-237-8643 www.nysparks.state.ny.us/shpo/investment/index.htm

New York, cont.	<p>with federal credit. Credit must be taken in the year building is placed into service. Carry forward: unlimited.</p> <p>20% credit for certified, owner-occupied properties. Subject to the same census tract restrictions as commercial program. Residential per project cap: \$50,000 in credits. If taxpayer's adjusted gross income is under \$60,000, homeowner credit is refundable; over \$60,000, unlimited carry forward. Minimum expenditure: \$5,000 and 5% must be spent on exterior work. Both programs sunset on Dec. 31, 2014; program will default to 2007 program features. 25% rehab credit for historic barns. Must be income-producing, built or placed in agricultural service before 1936 and rehab cannot "materially alter the historic appearance." Under the 2010-2011 state budget, state rehabilitation credits earned between 2010 – 2013 over \$2 million in value are deferred for payout between 2013 and 2015.</p>	
North Carolina	<p>30% credit for historic homeowners and 20% for income-producing properties. Minimum investment for 30% credit: \$25,000. Credit must be taken in 5 equal annual installments. Minimum investment for commercial: Same as federal credit. Cannot be used in conjunction with tax credit for rehabilitating mills. 30% or 40%, depending on location, credit for rehabilitating income-producing and non-income-producing historic mill properties. Pre-approval required. Certified property must have been at least 80% vacant for a period of two years immediately preceding date of eligibility certificate. Cannot be taken in conjunction with 20% state tax historic preservation credit for income-producing properties.</p>	<p>North Carolina Historic Preservation Office 919-733-4763 www.hpo.dcr.state.nc.us/tchome.htm</p>
North Dakota	<p>25% credit for eligible historic property that is part of a renaissance zone project. Project cap of \$250,000. Carry forward: 5 years.</p>	<p>State Historical Society of North Dakota 701-328-2666 www.nd.gov/tax/genpubs/renaissance.pdf</p>
Ohio	<p>25% credit for owners and long-term qualified lessees of certified historic building. Project cap: \$5 million. Aggregate cap: \$60 million annually and any unused amount will be carried forward and added to the next year. DOI Standards for Rehabilitation apply. Refundable amount of credit limited to \$3 million per project. Transfer by disproportionate allocation permitted. Five year carry-forward. Applicant must provide evidence that the credit is a major factor in the applicant's decision to rehab. Applicant must have CPA certify costs if qualified rehabilitation expenditures exceed \$200,000. If the applicant does not provide evidence of having a viable financing plan, having final construction drawings and all necessary historical approvals within 12 months of receiving notice of approval, or if the applicant has not closed on financing within 18 months after approval, the director may rescind the approval and reallocate the credit amount to another applicant. Director of Economic Development must conduct a cost-benefit analysis of every project that shows whether the project will result in a net revenue gain in state and local taxes. Also, Director of Development and Tax Commissioner, with the assistance of an outside economic research organization, must produce an annual report to the legislature analyzing program's effectiveness.</p>	<p>Ohio Historic Preservation Office 614-298-2000 www.ohiohistory.org/resource/histpres/yourt_owm/tax/</p>
Oklahoma	<p>20% income tax credit for all eligible commercial and rental residential properties that qualify for the federal tax credit. Minimum investment: same as federal credit. No statewide or per-project caps. Carry forward: 10 years. Freely transferable for 5 years. Credits can be claimed starting on Jan. 1, 2012.</p>	<p>Oklahoma State Historic Preservation Office 405-522-4484 www.okhistory.org/shpo/taxcredits.htm</p>
Pennsylvania	<p>Effective July 1, 2012, 25% credit for eligible properties that qualify for the federal tax credit. Minimum investment same as for the federal credit. Project cap: \$500,000. Aggregate cap: \$3 million annually. Projects to be allocated equitably among state's regions. Any unused amount from a region will be reallocated to another region. DOI Standards for Rehabilitation apply. Public utilities, insurance companies and financial institutions may participate in the program. Applications must be filed by Feb. 1, 2013, but may cover expenditures previously made. Carry forward: 7 years. Credits are transferable by certificate only. Sunset: 2019</p>	<p>Pennsylvania Historical & Museum Commission 717-783-6012 http://www.portal.state.pa.us/portal/server.pt/community/rehabilitation_investment_tax_credit_program/2646</p>

South Carolina	10% credit for commercial properties eligible for federal credit; 25% for other eligible properties. Minimum investment for non-commercial properties: \$15,000. All credits must be taken in 5 equal annual installments. No statewide or per-project dollar caps. Pass-through entities (other than "S" corporations) may transfer credit by means of disproportionate allocation. Credits for owner-occupied residences limited to one per structure each 10 years. Pre-approval required.	South Carolina Department of Archives and History 803-896-6100 www.state.sc.us/scdah/hpfinancialinc.htm
Utah	20% credit for residential owner-occupied and non-owner-occupied. Cap: none. Minimum investment: \$10,000 over 3 years. DOI standards apply. No fees.	Utah State Historical Society 801-533-3500 www.history.utah.gov/historic_buildings/financial_assistance/state_tax_credit.html
Vermont	All credits limited to commercial buildings located in designated downtowns or village centers. 10% credit for projects approved for federal credit. 25% credit for façade improvement projects, limited to \$25,000 per project. 50% credit for certain code improvement projects, with maximum credit of \$50,000. 9-year carry-forward. Credits may be transferred to bank in exchange for cash or interest rate reduction. Annual total program cap: \$1.5 million. The state board may allocate the credit upon completion of distinct phases of a qualified project and any recaptured or rescinded credits can be awarded to other applicants in subsequent years.	Vermont Division for Historic Preservation 802-828-3211 www.historicvermont.org/financial/credits.html
Virginia	25% for commercial and owner-occupied residential properties. Reconstruction and improvements must amount to at least 25% of the assessed value for owner-occupied buildings and at least 50% for non-owner-occupied buildings. Carry forward: 10 years. National and state register properties eligible. DOI standards apply. No caps. Transfer by disproportionate allocation permitted.	Virginia Department of Historic Resources 804-367-2323 www.dhr.virginia.gov/tax_credits/tax_credit.htm
West Virginia	10% credit for buildings eligible for federal credit; 20% credit for eligible owner-occupied residences. Commercial buildings entitled to same carry-back and carry-forward provisions as are available for federal credit. Owner-occupied residences entitled to 5-year carry forward. Both commercial credits and homeowner credits may be directly transferred or transferred by disproportionate allocation. Minimum investment in homeownership projects: 20% of assessed value. No statewide or per project dollar caps.	West Virginia Historic Preservation Office 304-558-0220 www.wvculture.org/shpo/tcresoverview.html
Wisconsin	25% credit for owner-occupied residential properties. Per-project cap: \$10,000. Minimum investment: \$10,000 over 2 years; extendable to 5 years. 5% credit for commercial properties, not subject to statewide or per-project caps. Minimum investment: expenses equal to building's adjusted basis.	State Historical Society of Wisconsin 608-264-6490 www.wisconsinhistory.org/hp/architecture/index.asp

Document and State Information Last Updated: March 2013

About the National Trust for Historic Preservation

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For more information about state tax credits for historic preservation and a list of useful state contacts, please visit www.preservationnation.org/take-action/advocacy-center/additional-resources/historic-tax-credit-maps/state-rehabilitation-tax.html. For technical assistance, please contact us at policy@nthp.org.

The National Trust is a privately-funded nonprofit organization chartered by Congress in 1949. We work to save America's historic places to enrich our future. With headquarters in Washington, D.C., 12 field offices, 27 historic sites, and partner organizations in 50 states, territories, and the District of Columbia, the National Trust protects significant historic sites and advocates for historic preservation as a fundamental value in programs and policies at all levels of government.

State Tax Credits for Historic Preservation



**National Trust for
Historic Preservation**
Save the past. Enrich the future.

**A Policy Report Produced by the
National Trust for Historic Preservation**

Written by Harry K. Schwartz

Introduction

To date, thirty-one states in the country have adopted laws creating credits against state taxes to provide incentives for the appropriate rehabilitation of historic buildings. In most cases these tax credits take the form of the very successful federal income tax credit for historic rehabilitation contained in Section 47 of the Internal Revenue Code.

Although the tax credits vary from state to state, most programs include the following basic elements:

- Criteria establishing what buildings qualify for the credit.
- Standards to ensure that the rehabilitation preserves the historic and architectural character of the building.
- A method for calculating the value of the credit awarded, reflected as a percentage of the amount expended on that portion of the rehabilitation work that is approved as a certified rehabilitation.
- A minimum amount, or threshold, required to be invested in the rehabilitation.
- A mechanism for administering the program, generally involving the state historic preservation office and, in some cases, the state department of revenue or the state department of economic development.



Why Do Some State Tax Credits Work Better Than Others?

Not all state tax credit programs are created equal. Some state programs have been extraordinarily productive in stimulating rehabilitation activity. Many others have produced mixed or minimal results.

What causes these programs to fall short? In general, two factors greatly influence the effectiveness of the state historic tax credits: a limit or cap on the amount of credit and a lack of transferability.

Annual Aggregate Caps

A well-thought-out and skillfully drafted tax incentive for historic preservation cannot achieve its objectives if the total amount of credits that can be awarded annually is subject to a statutory limit, particularly if the limit is fixed at a low figure. For example, Kentucky has a 20% credit for commercial buildings and a 30% credit for owner-occupied residences, but only a \$5 million annual cap.

Indiana has annual aggregate caps of just \$450,000 for commercial projects and \$250,000 for residential projects. Even if the annual limit is relatively high, the very act of imposing a cap alters the nature of the program and can produce a perverse result, rewarding projects that do not require an incentive while excluding projects that cannot proceed without the state incentive.

Where demand for credits exceeds the amount permitted by law, applicants either must compete for credits or participate in a lottery or other arbitrary allocation system. Projects that truly require the state credit to be financially feasible have tended to be discouraged from participating because of the lack of certainty as to the outcome, the cost of preparing a competitive application that nonetheless may be unsuccessful, and the difficulties of keeping financing commitments in place during the evaluation process.

Individual Project Capping

Some states have sought to ease concerns about the costs of the credits to the state treasury by imposing caps on the dollar amount of credits that can be awarded to individual projects, while avoiding the pitfalls of annual aggregate caps. The effectiveness of the credits in providing incentives to developers is likely to be a function of how high the limit is set. Some states have experimented with project credits as high as \$5 million per project (e.g., Connecticut and Maine).

However, given the present state of the economy, and in particular the difficulty in obtaining financing for construction projects, it is difficult to assess the effectiveness of the incentives provided by credits limited in this fashion. Clearly, however, limits as low as that allowed under Colorado law, which is presently set at \$50,000, are inadequate to provide an incentive for the rehabilitation of large commercial buildings.

Transferability

A state tax credit has value only to the extent that the credit holder has sufficient liability for state taxes that the credit can be used to offset. Although state tax rates vary, they are far lower than federal income tax rates. As a consequence, an apparently valuable state tax credit may wind up in the hands of a party unable to use it. There are several remedies to solve this problem, but many state statutes do not provide for them.

What Makes a State Tax Credit Good?

Eligible Buildings

The scope of eligible buildings should include:

1. Buildings individually listed in the National Register of Historic Places,
2. Buildings located in historic districts listed in the National Register that contribute to the historic character of the district or in districts certified as eligible for listing,
3. Individual buildings that have been locally designated as landmarks, and
4. Buildings located in local historic districts that contribute to the historic character of the district.

Standards for Rehabilitation

The state should adopt the Secretary of the Interior's Standards for Rehabilitation, as interpreted by the state historic preservation officer.

Availability for Homeowners

The credit should be available for owner-occupied residences as well as commercial property. This is particularly important because there is no federal credit for owner-occupied residences.

Important Definitions

Carry Back — the ability to apply current tax credits against state income taxes due in preceding years.

Carry Forward — the ability to apply current tax credits against taxes due in future years.

CLG (Certified Local Government) — a local government certified by the state historic preservation officer as having the capacity to administer historic preservation programs, including grants under the National Historic Preservation Act.

Disproportionate Allocation — a mechanism involving the use of pass-through entities by which a state tax credit can be allocated to a taxpayer within the state in which the project is located, while the federal tax credit for the same project is allocated to an out-of-state person or entity.

Freely Transferable — the ability to make an outright transfer or assignment of the tax credit to another person or entity.

Secretary of the Interior's Standard for Rehabilitation (DOI) — general standards adopted by the Department of the Interior governing the rehabilitation of historic buildings. Rehabilitation must be carried out in accordance with these standards to qualify for federal rehabilitation tax credits for historic buildings as well as for many state tax incentives or financing programs.

Recapture Period — period of time during which specified action, such as a change in ownership of the property, will trigger an obligation to pay back a ratable portion of the tax credit previously claimed.

Sunset Date — the date on which a statutory provision will expire.

Appropriate Rates

The percentage rate of the credit should be fixed at a level high enough to constitute a meaningful incentive, typically in the range of 20 percent to 30 percent of qualified rehabilitation expenditures.

Rates that are significantly lower don't provide enough incentive to make a difference in a developer's decision to undertake a historic preservation project. As a negative example, Montana provides only a 5 percent tax credit for the rehabilitation of commercial structures when the federal 20 percent credit is used.

Transferability

As mentioned earlier, there needs to be a workable mechanism to put the credit in the hands of the party that can use it. States have solved this problem in one or more ways:

1. The tax code may permit the party that earns the credit to sell it outright to a third party with adequate tax liability to use it. For example, Kansas, Kentucky, Oklahoma, and Missouri permit the taxpayer to sell or convey the tax credits in this manner.
2. The code may permit a partnership that owns the property to make a disproportionate distribution of the credit, so that a local taxpayer can acquire the state tax credit while a national corporation not doing business in the state acquires the federal tax credit. Virginia, Kansas, and Delaware, for example, allow the credit to be passed through and allocated to partners or shareholders in this way.
3. The code may allow a tax credit not fully usable in the current year to be carried back to offset taxes previously paid for prior tax years. This provision appears to be unique among the states to Missouri and West Virginia, although it is a feature of the federal program.
4. The tax credit may be refundable, so that any amount not used to offset current-year taxes is paid in cash to the holder of the credit. Since homeowners earning credits are effectively precluded from using the more complex techniques for transferring credits, the most practical solutions for them are to allow the unused credit to be either refunded or sold outright. Maryland, Ohio, Iowa, and Louisiana provide a refundable tax credit, which is of particular value to lower-income homeowners.

Annual Aggregate Caps

Although state legislatures and their fiscal analysts prefer to keep a tight grip on the award of tax credits, those states that have resisted capping have had an economic advantage in attracting capital for historic preservation.

Eligible Claimants

In a number of states entities such as insurance companies, banks and public utilities are not taxed under the state corporate income tax law, but are subject to tax laws that are specific to their industries. Where this is the case, provision should be made to permit the credits to be used under these laws, so as to enable sales of tax credits to these companies.

The Current Fiscal Crisis

The nationwide economic recession has produced serious adverse impacts on state budgets. Unlike the federal government, as a general rule states are required by their constitutions to produce a balanced budget each year.

On one hand, the recession has greatly reduced state revenues from taxes. To meet these gaps, state legislators and budget officers have sought ways to cut spending and reduce draws on state treasuries, including draws resulting from the awards of state tax credits. Not surprisingly, the states that are most vulnerable to attack on their historic tax credit programs are those that have had the most generous, and the most effective, tax credit laws such as Rhode Island and Missouri. The fiscal climate has also slowed efforts to enact tax credit laws in some states.

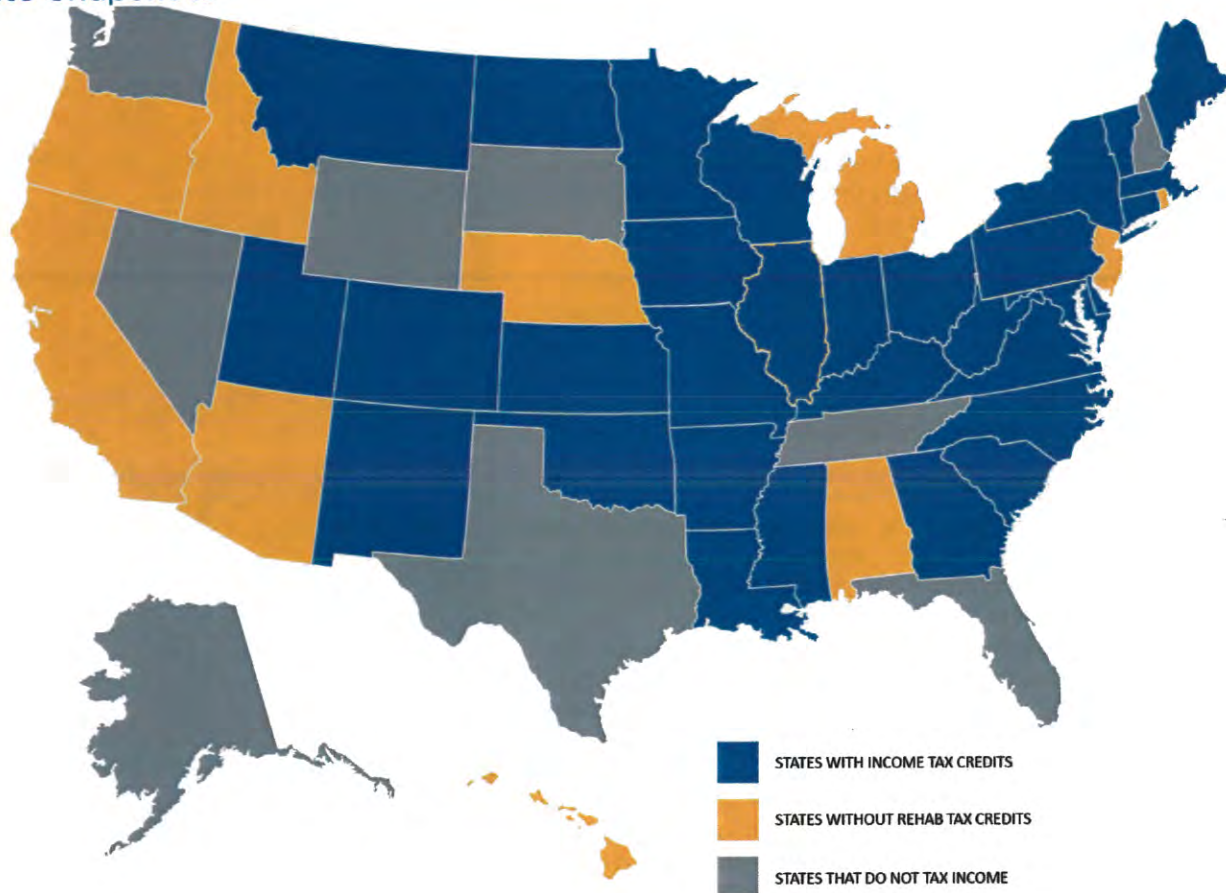
Conversely, economic data shows that historic tax credits are highly effective at creating jobs and returning tax revenues to state treasuries. So some states, like Minnesota, are enacting or expanding these job-creating programs.

In terms of timing, it generally takes between two to three years for large rehabilitation tax credit projects to be completed. Then it takes anywhere from 6 to 12 months for the certification to be completed and the tax credits to be used. The lengthy, labor-intensive rehabilitation process allows states to offer an incentive that creates jobs and produces tax revenues now, when both are needed, and pay out the state investment years later when the credits are claimed in a stronger economy.

Geographic Distribution and Targeting

In order to make sure that the benefits of the credit are felt in all parts of the state, some states have experimented with geographical set-asides for rural areas, or limits on the percentage of the credits that can be claimed for metropolitan areas. Another approach would limit the use of the credit to areas of physical deterioration and economic distress. These techniques should be evaluated with care to make sure that the limitations do not interfere with achieving the goals of the state's historic rehabilitation program.

State Snapshots



Arkansas	25% credit for certified rehabilitation of eligible income and non-income producing properties. Annual program cap of \$4 million in credits; per-project caps of \$125,000 in credits for income-producing properties and \$25,000 in credits for non-income producing properties. Min. expenditures: \$25,000. Carry forward: 5 years. Freely transferable by either direct sale or disproportionate allocation among partners of a syndication partnership. Applications will be ranked in accordance with the following criteria: Creation of new business, expansion of existing business, tourism, business revitalization, and neighborhood revitalization, in that order. Sunset date: 2021.	Arkansas Historic Preservation Program 501-324-9880 www.arkansaspreservation.org/
Colorado	20% credit for income-producing and homeowner properties. No aggregate statewide dollar cap, but per project cap of \$50,000 per year. Minimum investment: \$5,000. Carry forward: 10 years. DOI standards apply and work must be completed within 2 years of inception date of project. CLG can review and approve project. In the event of project budget shortfall for any year, credit is deferred to next year in which shortfall is not projected. Sunset date: 2019.	Colorado Historical Society 303-866-3395 www.coloradohistory-oahp.org/programareas/itc/taxcredits.htm

Connecticut	<p>25% credit for converting historic commercial, industrial, former government property, cultural building, institutional, or mixed residential and non-residential property to mixed residential and non-residential uses or non-residential use (including commercial, institutional, governmental or manufacturing use). Credit is increased to 30% if (a) at least 20% of units created are affordable rental units, or (b) at least 10% of units created are affordable homeownership units. Caps: \$50 million over 3 years and \$5 million per project. Carry forward: 5 years. Property must be listed individually on the national register or located in a district listed on the national or state register and certified as contributing. Freely transferable either by direct sale or disproportionate allocation among partners of a syndication partnership. (Section 10-416-b)</p> <p>25% credit for converting commercial or industrial property for residential use only. Caps: \$2.7 million per project and \$15 million annual aggregate. Carry forward: 5 years. Freely transferable either by direct sale or disproportionate allocation among partners of a syndication partnership. Property must be listed individually on the national or state register or located in a district listed on the national or state register and certified as contributing. Minimum expenditure: 25% of assessed building value. Credit can offset income tax liability as well as taxes owed by insurance companies and utilities. Section 10-416a.</p> <p>30% credit for eligible rehab of owner-occupied residence, including apartments up to 4 units. Eligible properties: National and/or State Register of Historic Places, must be located in areas targeted as distressed. Cap: \$30,000 per dwelling, \$3 million annual aggregate. Recapture period: 5 years. Carry forward: 4 years. Minimum expenditure: \$25,000. Credit can be used only to offset corporate taxes. Corporations may qualify either by purchasing tax credits or loan principal reduction.</p>	<p>Connecticut Historical Commission 860-566-3005 www.cultureandtourism.org/cct/taxonomy/taxonomy.asp?DLN=43543&cctNav= 43543</p>
Delaware	<p>20% credit for income-producing properties and a 30% homeowner credit. A 10% bonus credit applies for both rental and owner-occupied projects that qualify as low-income housing. Carry forward: 10 years. Homeowner credit cannot exceed \$20,000. Credits are freely transferable either by direct transfer or disproportionate allocation. Credits claimed in annual progress-based installments with phased projects. The maximum amount of credits in any fiscal year is \$5 million of which \$2 million is set aside for projects receiving under \$300,000 in tax credits and \$100,000 set aside for qualified resident curators. Sunset: 2020.</p>	<p>Delaware State Historic Preservation Office 302-739-5685 www.history.delaware.gov/preservation/default.shtml</p>
Georgia	<p>25% credit for certified historic properties, both owner-occupied residences and income-producing. Additional 5% credit for residence located in a HUD target area. Credit cap: \$100,000 for an owner-occupied historic home, and \$300,000 for income-producing buildings, including residential rentals. Carry forward: 10 years. Transfer permitted by disproportionate allocation, or if property is sold and no part of credit taken.</p>	<p>Georgia Historic Preservation Division 404-656-2840 www.gashpo.org</p>
<p>Illinois ** ** NOT a statewide program</p>	<p><i>25% credit for eligible expenditures on rehabilitation of properties eligible for the federal Historic Rehabilitation Tax Credit located in designated River Edge Redevelopment Zones approved by the state in portions of Aurora, East St. Louis, Elgin, Peoria and Rockford. Minimum investment: greater of \$5,000 or 50% of the purchase price. DOI standards apply. Credits are transferrable by disproportionate allocation. No per project cap and no aggregate annual cap on dollar value of credits issuable.</i></p>	<p><i>Illinois Historic Preservation Agency 217-557-0513 www.illinoishistory.gov</i></p>
Indiana	<p>20% of rehab costs up to \$100,000 for qualifying commercial, rental housing, barns and farm buildings. Minimum investment \$10,000. Per-project cap: \$100,000. \$450,000 annual statewide cap for commercial credits and \$250,000 for owner-occupied residences. State register properties qualify. Carry forward: 15 years. Preapproval of work required. No fees. DOI standards apply. Owner-occupied residential: 20% of rehab costs. Costs must exceed \$10,000.</p>	<p>Indiana Department of Natural Resources 317-232-1646 www.state.in.us/dnr/historic/2814.htm</p>
Iowa	<p>25% credit for eligible commercial properties, owner-occupied</p>	<p>State Historical Society of Iowa</p>

Iowa, cont.	residential properties and barns. Annual cap: \$45 million. Allocation of credits: 10% of credits for small projects; 30% for projects located in cultural and entertainment districts; 20% for disaster recovery projects; 20% for projects that create more than 500 permanent new jobs, and 10% for statewide projects. No project cap. Fully refundable with interest or carried forward 1 year. Minimum expenditure for commercial property: 50% of the assessed value of the commercial property, excluding the land. Minimum expenditure for owner-occupied residential or barn property: the lesser of \$25,000 or 25% of the assessed value, excluding the land. The project shall begin before the end of the fiscal year in which the Part 2 application was approved. The project must be completed within 60 months of the Part 2 approval. Credits in excess of min. established by Dept. of Revenue are fully transferable and all tax credits reserved for a fiscal year on and after July 1, 2012 may be transferred by disproportionate allocation."	Historic Preservation and Cultural and Entertainment District Tax Credit Program 515-281-4137 www.iowahistory.org/historic-preservation/tax-incentives-for-rehabilitation/index.html
Kansas	25% income tax credit for commercial and owner-occupied residential properties. 30% income tax credit for nonprofits. Annual cap of \$3.75 million in credits claimed for FY2010. No per-project cap. Carry forward: 10 years. \$5,000 minimum on qualified expenditures necessary. Credit freely transferable either by direct transfer or disproportionate allocation.	Kansas State Historical Society 785-272-8681 www.kshs.org/resource/statetax.htm
Kentucky	30% income tax credit for owner-occupied residential properties. A minimum investment of \$20,000 is required, with the total credit per project not to exceed \$60,000. 20% income tax credit for all other properties including properties owned by entities exempt from tax under section 501(c)(3) of the Internal Revenue Code and state and local governmental subdivisions and agencies. Minimum investment of \$20,000 or adjusted basis, whichever is greater, subject to \$400,000 per project cap. Both credits are fully refundable or transferable, but disproportionate allocation is prohibited. \$5 million annual program cap applies to the aggregate of homeowner and commercial/nonprofit credits. All credits are subject to proportional reduction if the value of credits claimed exceeds the annual aggregate cap.	Kentucky Heritage Council 502-564-7005 www.heritage.ky.gov/incentives/
Louisiana	25% credit for income-producing properties in "downtown development districts." \$5 million cap per taxpayer for structures within a downtown development district. No statewide cap for commercial credits. Minimum investment: \$10,000. Directly transferable. 5 year carry-forward for commercial credits. Sunset date: Jan. 1, 2016. After July 1, 2011, 25% rate for owner-occupied residences; 50% credit for blighted homes over fifty years old. \$1 million statewide cap for owner-occupied residences. Minimum investment: \$10,000. Homeowner credit must be taken in five equal annual installments and is fully refundable. Sunset date: Jan. 1, 2016.	Louisiana Department of Culture, Recreation & Tourism 225-342-8160 www.crt.state.la.us/hp/taxincentives.aspx
Maine	25% credit for qualifying rehab expenses of certified historic structure. 30% credit where at least 33% of the aggregate square feet of the completed project creates new affordable housing. Affordable housing credit may be increased each tax year by 1% till reached maximum of 35% in 2013. Minimum expenditures: Same as federal tax credit. If federal credit is not claimed, min. expenditure is \$50,000 and maximum is \$250,000. Cap: \$5 million per project cap; no annual statewide cap. Credits are fully refundable and freely transferable by disproportionate allocation. Credit must be taken in 4 equal installments with first year being year property is placed into service. Sunset date: Dec. 31, 2023.	Maine Historic Preservation Commission 207-287-2132 www.maine.gov/mhpc/tax_incentives/index.html
Maryland	20% credit for commercial buildings and owner-occupied residences; additional 5% credit for high performance commercial buildings that achieve LEED gold rating or comparable rating from another rating system; 10% credit for non-historic, "qualified rehabilitated structures," commercial properties located in Main Street Maryland community and after 2012 in a designated "sustainable" community. Annual appropriation required for commercial side of program; unused amounts may be carried over to following year. Per-project cap: commercial - \$3	Maryland Historical Trust 410-514-7628 www.marylandhistoricaltrust.net/taxcr.html

Maryland, cont.	million; owner-occupied - \$50,000. Competitive award process for commercial properties. No more than 75% of funds available for commercial projects in any year may go to any single jurisdiction. Minimum investment: the greater of 100% of the adjusted basis or \$25,000 for commercial properties; \$5,000 for owner occupied properties. Fully refundable. Program sunsets in 2014.	
Massachusetts	20% credit for eligible income-producing properties. 25% credit for projects with affordable housing. \$50 million annual statewide cap. Carry forward: 5 years. DOI standards apply. Permits direct transfer of credit or transfer by disproportionate allocation. Min. investment: 25% of adjusted basis. Funded through 2017.	Massachusetts Historical Commission 617-727-8470 www.sec.state.ma.us/mhc/mhctax/taxidx.htm
Minnesota	Credit equal to 100% of the federal credit allowed for the rehabilitation of a certified historic commercial property against taxes or grant equal to 90% of federal credit allowed. No annual program cap and no per-project cap. Credit freely transferable either by direct transfer or disproportionate allocation. Credit is fully refundable. Credit may be used by insurance companies as well as other corporations and individuals. Application must be made for the credit before the rehabilitation begins. Program starts May 1, 2010 and sunsets in Fiscal Year 2015.	State Historic Preservation Office, Minnesota Historical Society 651-259-3000 www.mnhs.org/shpo/grants/index.htm
Mississippi	25% credit for commercial property and for owner-occupied residences. Program is capped at \$60 million. Minimum investment of 50% of the total basis for commercial properties; \$5,000 for owner-occupied residences. Carry forward: 10 years. If credit exceeds \$250,000, 75% can be refunded in lieu of 10 year carry-forward. Refunds must be taken in two equal installments starting the year the rehabilitated property is placed in service. Transfer permitted by disproportionate allocation but can not be used in conjunction with refund provision. Sunset date: 2014.	Division of Historic Preservation, Mississippi Department of Archives and History 601-576-6940 www.mdah.state.ms.us/hpres/prestaxincent.html
Missouri	25% credit for commercial and owner-occupied residential properties listed in National Register or listed as contributing to a federally certified historic district. Rehab work must meet DOI standards. Qualified expenditures must exceed 50% of total basis of the property. Carry back: 3 years. Carry forward: 10 years. Transfer permitted by direct transfer or disproportionate allocation. Per-project cap for owner-occupied single-family residences: \$250,000 in credits. Beginning July 1, 2010, the Dept. of Economic Development can not approve more applications than would in the aggregate result in more than \$140 million in credits. Any project receiving preliminary approval after Jan. 1, 2010, whose eligible costs would be more than \$1.1 million, is subject to the cap. Projects with eligible costs less than \$1,100,000 are not subject to cap. Projects subject to the cap are prioritized on first-come first serve basis; where applications received on same day, lottery will be held. Unfunded projects carry over into next funding round. Requires rehab to start within 2 years of authorization. Credits must be issued within 12 months of rehab completion.	Missouri Historic Preservation Program 573-751-7858 www.dnr.mo.gov/shpo/TaxCrds.htm
Montana	Income-producing certified historic properties automatically receive 5% state tax credit if the property qualifies for the 20% federal credit. Carry forward: 7 years.	Montana State Historic Office 406-444-7715 www.his.state.mt.us/shpo/istarch.asp
New Mexico	50% of rehab costs for all properties listed in the State Register of Cultural Properties. Also applies to stabilization and protection of archeological sites listed in the State Register of Cultural Properties. No annual statewide cap. Per-project cap: \$25,000 outside an Arts and Cultural District; \$50,000 located within an Arts and Cultural District. DOI standards apply. Carry forward: 4 years. Pre-approval required.	New Mexico Historic Preservation Division 505-827-6320 www.nmhistoricpreservation.org/PROGRAMS/creditsloans_taxcredits.html
New York	20% credit for certified commercial properties located in 1) a census tract with a median income at or below the State Family Median Income level, 2) a Qualified Census Tract (QCT) Section 143 (J) of the Internal Revenue Code, or 3) in a state Area of Chronic Economic Distress. Per project cap: \$5 million in credits. Must be used in conjunction	New York State Historic Preservation Office 518-237-8643 www.nysparks.state.ny.us/shpo/investment/index.htm

New York, cont.	<p>with federal credit. Credit must be taken in the year building is placed into service. Carry forward: unlimited.</p> <p>20% credit for certified, owner-occupied properties. Subject to the same census tract restrictions as commercial program. Residential per project cap: \$50,000 in credits. If taxpayer's adjusted gross income is under \$60,000, homeowner credit is refundable; over \$60,000, unlimited carry forward. Minimum expenditure: \$5,000 and 5% must be spent on exterior work. Both programs sunset on Dec. 31, 2014; program will default to 2007 program features. 25% rehab credit for historic barns. Must be income-producing, built or placed in agricultural service before 1936 and rehab cannot "materially alter the historic appearance." Under the 2010-2011 state budget, state rehabilitation credits earned between 2010 – 2013 over \$2 million in value are deferred for payout between 2013 and 2015.</p>	
North Carolina	<p>30% credit for historic homeowners and 20% for income-producing properties. Minimum investment for 30% credit: \$25,000. Credit must be taken in 5 equal annual installments. Minimum investment for commercial: Same as federal credit. Cannot be used in conjunction with tax credit for rehabilitating mills. 30% or 40%, depending on location, credit for rehabilitating income-producing and non-income-producing historic mill properties. Pre-approval required. Certified property must have been at least 80% vacant for a period of two years immediately preceding date of eligibility certificate. Cannot be taken in conjunction with 20% state tax historic preservation credit for income-producing properties.</p>	<p>North Carolina Historic Preservation Office 919-733-4763 www.hpo.dcr.state.nc.us/tchome.htm</p>
North Dakota	<p>25% credit for eligible historic property that is part of a renaissance zone project. Project cap of \$250,000. Carry forward: 5 years.</p>	<p>State Historical Society of North Dakota 701-328-2666 www.nd.gov/tax/genpubs/renaissance.pdf</p>
Ohio	<p>25% credit for owners and long-term qualified lessees of certified historic building. Project cap: \$5 million. Aggregate cap: \$60 million annually and any unused amount will be carried forward and added to the next year. DOI Standards for Rehabilitation apply. Refundable amount of credit limited to \$3 million per project. Transfer by disproportionate allocation permitted. Five year carry-forward. Applicant must provide evidence that the credit is a major factor in the applicant's decision to rehab. Applicant must have CPA certify costs if qualified rehabilitation expenditures exceed \$200,000. If the applicant does not provide evidence of having a viable financing plan, having final construction drawings and all necessary historical approvals within 12 months of receiving notice of approval, or if the applicant has not closed on financing within 18 months after approval, the director may rescind the approval and reallocate the credit amount to another applicant. Director of Economic Development must conduct a cost-benefit analysis of every project that shows whether the project will result in a net revenue gain in state and local taxes. Also, Director of Development and Tax Commissioner, with the assistance of an outside economic research organization, must produce an annual report to the legislature analyzing program's effectiveness.</p>	<p>Ohio Historic Preservation Office 614-298-2000 www.ohiohistory.org/resource/histpres/yourtown/tax/</p>
Oklahoma	<p>20% income tax credit for all eligible commercial and rental residential properties that qualify for the federal tax credit. Minimum investment: same as federal credit. No statewide or per-project caps. Carry forward: 10 years. Freely transferable for 5 years. Credits can be claimed starting on Jan. 1, 2012.</p>	<p>Oklahoma State Historic Preservation Office 405-522-4484 www.okhistory.org/shpo/taxcredits.htm</p>
Pennsylvania	<p>Effective July 1, 2012, 25% credit for eligible properties that qualify for the federal tax credit. Minimum investment same as for the federal credit. Project cap: \$500,000. Aggregate cap: \$3 million annually. Projects to be allocated equitably among state's regions. Any unused amount from a region will be reallocated to another region. DOI Standards for Rehabilitation apply. Public utilities, insurance companies and financial institutions may participate in the program. Applications must be filed by Feb. 1, 2013, but may cover expenditures previously made. Carry forward: 7 years. Credits are transferable by certificate only. Sunset: 2019</p>	<p>Pennsylvania Historical & Museum Commission 717-783-6012 http://www.portal.state.pa.us/portal/server.pt/community/rehabilitation_investment_tax_credit_program/2646</p>

South Carolina	10% credit for commercial properties eligible for federal credit; 25% for other eligible properties. Minimum investment for non-commercial properties: \$15,000. All credits must be taken in 5 equal annual installments. No statewide or per-project dollar caps. Pass-through entities (other than "S" corporations) may transfer credit by means of disproportionate allocation. Credits for owner-occupied residences limited to one per structure each 10 years. Pre-approval required.	South Carolina Department of Archives and History 803-896-6100 www.state.sc.us/scdah/hpfinancialinc.htm
Utah	20% credit for residential owner-occupied and non-owner-occupied. Cap: none. Minimum investment: \$10,000 over 3 years. DOI standards apply. No fees.	Utah State Historical Society 801-533-3500 www.history.utah.gov/historic_buildings/financial_assistance/state_tax_credit.html
Vermont	All credits limited to commercial buildings located in designated downtowns or village centers. 10% credit for projects approved for federal credit. 25% credit for façade improvement projects, limited to \$25,000 per project. 50% credit for certain code improvement projects, with maximum credit of \$50,000. 9-year carry-forward. Credits may be transferred to bank in exchange for cash or interest rate reduction. Annual total program cap: \$1.5 million. The state board may allocate the credit upon completion of distinct phases of a qualified project and any recaptured or rescinded credits can be awarded to other applicants in subsequent years.	Vermont Division for Historic Preservation 802-828-3211 www.historicvermont.org/financial/credits.html
Virginia	25% for commercial and owner-occupied residential properties. Reconstruction and improvements must amount to at least 25% of the assessed value for owner-occupied buildings and at least 50% for non-owner-occupied buildings. Carry forward: 10 years. National and state register properties eligible. DOI standards apply. No caps. Transfer by disproportionate allocation permitted.	Virginia Department of Historic Resources 804-367-2323 www.dhr.virginia.gov/tax_credits/tax_credit.htm
West Virginia	10% credit for buildings eligible for federal credit; 20% credit for eligible owner-occupied residences. Commercial buildings entitled to same carry-back and carry-forward provisions as are available for federal credit. Owner-occupied residences entitled to 5-year carry forward. Both commercial credits and homeowner credits may be directly transferred or transferred by disproportionate allocation. Minimum investment in homeownership projects: 20% of assessed value. No statewide or per project dollar caps.	West Virginia Historic Preservation Office 304-558-0220 www.wvculture.org/shpo/tcresoverview.html
Wisconsin	25% credit for owner-occupied residential properties. Per-project cap: \$10,000. Minimum investment: \$10,000 over 2 years; extendable to 5 years. 5% credit for commercial properties, not subject to statewide or per-project caps. Minimum investment: expenses equal to building's adjusted basis.	State Historical Society of Wisconsin 608-264-6490 www.wisconsinhistory.org/hp/architecture/index.asp

Document and State Information Last Updated: March 2013

About the National Trust for Historic Preservation

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For more information about state tax credits for historic preservation and a list of useful state contacts, please visit www.preservationnation.org/take-action/advocacy-center/additional-resources/historic-tax-credit-maps/state-rehabilitation-tax.html. For technical assistance, please contact us at policy@nthp.org.

The National Trust is a privately-funded nonprofit organization chartered by Congress in 1949. We work to save America's historic places to enrich our future. With headquarters in Washington, D.C., 12 field offices, 27 historic sites, and partner organizations in 50 states, territories, and the District of Columbia, the National Trust protects significant historic sites and advocates for historic preservation as a fundamental value in programs and policies at all levels of government.