

From the
LOUISIANA
 State Historic Preservation Office

Office of Cultural Development,
 Department of Culture, Recreation and Tourism

Making the Numbers Work: Tax Incentives for Historic Properties

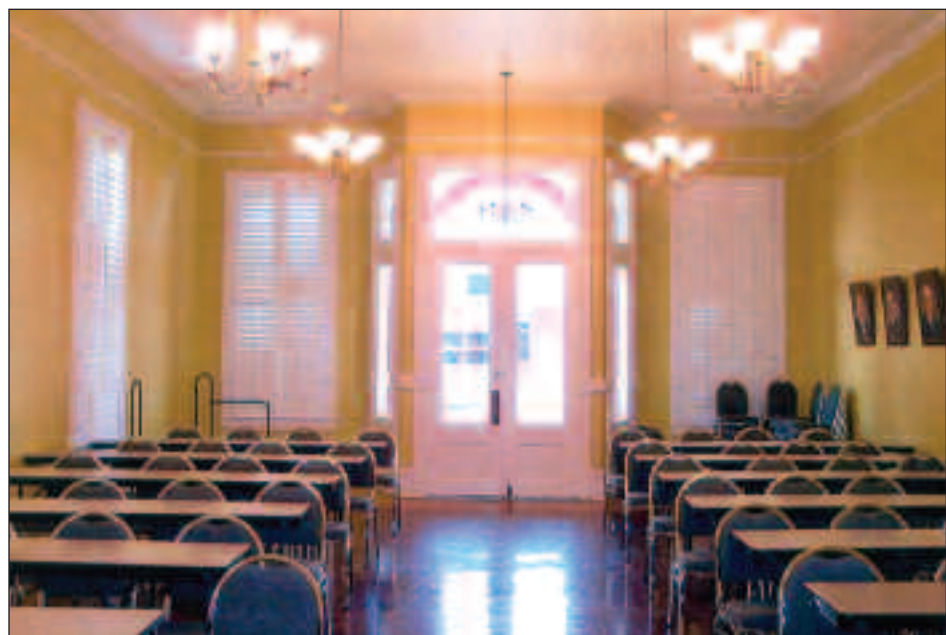
by Alison Saunders, Tax Incentives Director, Louisiana Division of Historic Preservation
 photos courtesy Louisiana Division of Historic Preservation

The Federal Historic Rehabilitation Tax Credit Program continues to encourage growth and redevelopment throughout Louisiana. The credit, currently 26% of eligible rehabilitation costs for properties located in the GO Zone, helps to offset high construction costs and the expense of historically appropriate materials. While New Orleans remains the most active city in the state in both number of projects approved and in tax credits earned, cities such as Lake Charles, Shreveport, and Monroe are home to a growing number of large-scale tax credit projects.

"We manage the successful Historic Rehabilitation Tax Credit Program, which has generated more than \$410 million in private investment in Louisiana's historic properties since its inception," Lt. Governor Landrieu

said. "Today, Louisiana is among the top ten states for investments leveraged and jobs created using this program."

In 2007, there were a total of 26 approved Federal Historic Rehabilitation projects, with seven of those outside the New Orleans area. Those seven projects leveraged over \$11.9 million in private investment in historic structures. The state saw a total investment of over \$37 million in historic structures that qualified for federal tax credits. This is in addition to the extremely popular State Commercial Credit, a 25% credit on the qualifying costs incurred during the rehabilitation of income-producing historic structures in downtown development districts or designated cultural districts. Federal and state historic tax credits can be used in conjunction, offering a whopping 51% credit on



An array of federal and state tax credits for historic structures can subsidize up to 51% of rehabilitation costs. Tax credits can be applied to many types of properties. Clockwise from top right: businesses in Hammond, Marksville, and Lake Charles, and a home in Covington, all of which benefitted from rehabilitation tax credits.

rehabilitation costs.

To see if your property may qualify for Federal Historic Rehabilitation Tax Credits for income-producing properties, or State tax credits for income-

producing or owner-occupied properties, please contact Alison Saunders or Kristin Sanders of the Louisiana Division of Historic Preservation at (225) 342-8160. To learn more about

the tax incentives available for historic properties in Louisiana, please visit www.louisianahp.org.

Tax Incentive Programs

Historic Rehabilitation Tax Credit	Louisiana State Historic Preservation Tax Credit	Louisiana State Residential Rehabilitation Tax Credit
Purpose Encourages the preservation of historic buildings through incentives to support the rehabilitation of historic and older buildings	Encourages the preservation of historic buildings through incentives to support the rehabilitation of historic and older buildings.	Encourages taxpayers to preserve and improve their homes by offering a tax credit on rehabilitation costs
Eligibility Income producing property individually listed on the National Register (NR) or a contributing element within a National Register Historic District	Income producing property that is a contributing element within a Downtown Development District or Cultural District as determined by the Division of Historic Preservation.	An owner occupied building that is a contributing element to a NR District, a locally designated historic district, a Main Street District, a Cultural District, or a DDD; a residential structure that is listed or is eligible for listing on the NR; or a vacant and blighted building at least 50 years old
% of Credit 20% of construction costs and fees GO Zone- 26% for costs incurred from August 28, 2005 through January 1, 2009.	25%	25% credit = AGI less than or equal to \$50,000, 20% credit = AGI \$50,001 - \$75,000, 15% credit = AGI \$75,001 - \$100,000, 10% credit = AGI \$100,001 plus. (Available only for vacant and blighted residential buildings at least 50 yrs. old.)
Minimum Expenditure The rehabilitation must exceed the adjusted basis of the building. If adjusted basis is less than \$5,000, the rehabilitation cost must be at least \$5,000.	\$10,000	\$20,000
Credit Cap None	\$5 million per taxpayer within a particular DDD	\$25,000 per structure
Application Submitted to DHP and forwarded to NPS with recommendation. Part 1 certifies the building as historic. Part 2 describes the proposed rehabilitation. Part 3 is final certification of completed work.	Submitted to DHP. Part 1 certifies the building as historic. Part 2 describes the proposed rehabilitation. Part 3 is final certification of completed work.	Preliminary Application - A establish initial eligibility. Proposed Rehabilitation Application-B determines if the proposed rehabilitation is consistent with the Standards. Certificate of Completion-C is the final certification.
Fees Initial fee request by NPS of \$250 with Part 2; final fee is scaled to the size of the rehabilitation	\$250 with Part 2	\$250 with Proposed Rehabilitation Application-B
Program Standards Secretary of the Interior's Standards for Rehabilitation	Secretary of the Interior's Standards for Rehabilitation	Secretary of the Interior's Standards for Rehabilitation
Taking the Credit Credit is claimed for the year the project is completed and has received an approved Part 3. Unused Credit can be carried back one year and forward for 20 years.	Credit is claimed for the year the project is completed and has received an approved Part 3. Any unused credit may be carried forward for up to 5 years. This credit may be sold to a third party.	The tax credit is divided into 5 equal portions, with the first portion being used in the taxable year of the completion date, and the remaining portions used once a year for the next four years. If the full credit for one year cannot be taken, the owner will receive that amount as a refund.
Recapture If the owner sells the building within 5 years of the rehabilitation, he loses 20% of the earned credit for each year short of the full 5 years.	If the owner sells the building within 5 years of the rehabilitation, he loses 20% of the earned credit for each year short of the full 5 years.	If the building is sold during the five-year credit period, all unused credit will immediately become void.

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