

# Colorado's Historic Preservation Tax Credit for Commercial Properties

## WHAT IS A TAX CREDIT?

A tax credit is a dollar-for-dollar reduction in the amount of tax owed to the government. Tax credit projects create jobs and provide financial incentives to revitalize historic buildings. Federal and state tax laws offer tax credits for historic preservation projects that follow the Secretary of the Interior's Standards for Rehabilitation of Historic Properties. The federal government offers a tax credit between 10 and 20 percent, which can be paired with the state tax credit.

Preservation tax credits for commercial properties are managed jointly by the Office of Economic Development and International Trade (OEDIT) and History Colorado.

## WHAT TYPE OF PROPERTY IS ELIGIBLE?

	Property must be:
Pre-2015 state tax credit*	<ul style="list-style-type: none"> <li>» At least 50 years old</li> <li>» Locally landmarked or listed on the State Register</li> </ul>
New state tax credit for residential properties	<ul style="list-style-type: none"> <li>» At least 50 years old</li> <li>» Locally landmarked or listed on the State Register</li> </ul>
New state tax credit for commercial properties	<ul style="list-style-type: none"> <li>» Locally landmarked or listed on the State Register</li> <li>» Income-producing</li> </ul>

\*Applicants may apply for pre-2015 tax credits with Certified Local Governments or History Colorado in lieu of the new credit. Both cannot be used for the same project.

## HOW CAN THE TAX CREDITS HELP ME?

- » Colorado's state historic preservation tax credits for commercial properties are transferable: you can sell them upon completion of your project. Selling credits can bring in additional funds for your project, for a cash match for a grant, or for a loan.
- » Using preservation tax credits gives you access to additional federal and state funding pools, grant programs, and further tax credits.
- » Historic preservation tax credits lower your tax bill, which can increase your tax refund.

## WHEN CAN I APPLY?

Applications for the new commercial state preservation tax credit are accepted year-round on a rolling basis.






## RESERVATION LIMITS PER YEAR

Expenditures	2016	2017	2018	2019
Estimated rehab expenditures of \$2 million or less	\$2.5 million	\$5 million	\$5 million	\$5 million
Estimated rehab expenditures over \$2 million	\$2.5 million	\$5 million	\$5 million	\$5 million

- » **Each building is limited to \$1 million in credit in any one calendar year.** Owners may apply for credits on multiple properties.

## HOW DO I RESERVE A TAX CREDIT?

[www.advancecolorado.com/hptc](http://www.advancecolorado.com/hptc)

1.  Register with OEDIT on their tax credit website
2.  Submit a Tax Credit Application (TCA) and rehab plan. Use OEDIT's project checklist to make sure you've turned in all requested materials, such as photographs and drawings.
3.  History Colorado and OEDIT will conduct a preliminary review of project materials and respond to your request.
4.  If the project materials you submitted meet the requirements, OEDIT will reserve a preliminary tax credit on your behalf, pending available funding.
5.  History Colorado will conduct a detailed review and ensure your project follows the Standards for Rehabilitation. Upon History Colorado's approval of project, OEDIT will officially reserve the tax credits for the applicant (90 days).
6.  You will claim your tax credit upon completion of your project and approved proof of rehabilitation.

*All applications are reserved on a first-come, first-served basis.*

[www.historycolorado.org/oaHP/available-programs](http://www.historycolorado.org/oaHP/available-programs)



	NEW CREDIT <b>COMMERCIAL</b>	PRE-2015 CREDIT
<b>Eligible properties</b>	Property must be designated individually, or it must be part of a historical contributing district, at the national, state, or local level.	More than 50 years old, <i>and</i>
	Listed on State Register of Historic Properties or landmarked by a Certified Local Government (CLG)	Listed on State Register of Historic Properties or landmarked by a Certified Local Government (CLG)
<b>Eligible applicants</b>	Property Owner, <i>or</i>	Property Owner, <i>or</i>
	Tenant with lease of <b>at least 39 years</b> , <i>or</i>	Tenant with lease of at least 5 years
	Holder and those with property under contract	
<b>Eligible projects</b>	<b>Costs must exceed adjusted basis</b> (25% of the purchase price minus current value of land)	Costs must exceed \$5,000
	Project must meet the Secretary of the Interior's Standards	Project must meet the Secretary of the Interior's Standards
<b>Time limits</b>	1) Applicant must start work within 12 months of allocation, and; 2) Applicant must be at least 20% finished within 18 months of allocation.	Project must be completed within 24 months (or 48 with a one-time extension)
<b>Completed work</b>	Can be claimed if completed <b>within 60 days</b> and documented	Can be claimed if within 24 month period and documented
<b>Extent of tax savings</b>	<b>25%</b> of Qualified Rehabilitation Expenditures (QREs) for projects less than \$2 million;	20% of Qualified Rehabilitation Expenditures (QREs)
	<b>20%</b> of Qualified Rehabilitation Expenditures (QREs) for projects more than \$2 million	
<b>Disaster relief</b>	Additional <b>5% credit</b> for properties located in areas that have been designated as disaster areas within past 6 years	None
<b>Project cap</b>	The maximum amount of tax credit available to any commercial property is <b>\$1 million per year</b>	\$50,000 per property
<b>Credit availability</b>	See Reservation Limits Per Year chart on opposite page	Subject to yearly budget estimates
<b>Credit length</b>	Can be used for up to 10 years	Can be used for up to 10 years
<b>Allowable costs</b>	Any expenditures allowed by federal tax credit (IRS code 47(c)(1)(A))	Qualified Rehabilitation Expenditures (QREs)
<b>Fees</b>	\$500 Part 1 fee Issuance fee of 3% of tax credit amount	\$250 Part 1 fee (may be waived for projects under \$15,000) \$0-\$750 Part 2 fee
<b>Recapture</b>	No recapture of credits under the new law	Recapture plan if property sold within 5 years
<b>Transferability &amp; saleability</b>	Owners, including nonprofit organizations, may <b>use, transfer</b> or <b>sell credits</b> to other taxpayers; these other taxpayers may in turn transfer credits to additional taxpayers, using the OEDIT website	None; credits stay with owner

