

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 of 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:
1990 state tax credit*	<ul style="list-style-type: none"> » At least 50 years old » Locally landmarked or listed on the State Register
2014 tax credit for residential properties	<ul style="list-style-type: none"> » At least 50 years old » Locally landmarked or listed on the State Register
2014 tax credit for commercial properties	<ul style="list-style-type: none"> » At least 50 years old » Locally landmarked or listed on the State Register » Income-producing

*Applicants may apply for 1990 tax credits with Certified Local Governments or History Colorado in lieu of the 2014 credit. Both cannot be used for the same project.

HOW CAN THE TAX CREDITS HELP ME?

- » Colorado's 2014 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 both the 1990 and 2014 commercial state preservation tax credit are accepted year-round on a rolling basis.

2014 CREDIT 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?

<https://choosecolorado.com/doing-business/incentives-financing/the-commercial-historic-preservation-tax-credit/>

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 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 day review period).
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/preservation-tax-credits



Want to learn more?

OEDIT: <https://choosecolorado.com/doing-business/incentives-financing/the-commercial-historic-preservation-tax-credit/> or 303/892-3840

History Colorado: hc_oahp@state.co.us or 303/866-3392

	2014 CREDIT COMMERCIAL	1990 CREDIT
Eligible properties	More than 50 years old <i>and</i> Listed on State Register of Historic Properties or landmarked by a Certified Local Government (CLG)	More than 50 years old, <i>and</i> Listed on State Register of Historic Properties or landmarked by a Certified Local Government (CLG)
Eligible applicants	Property Owner, <i>or</i> Tenant with lease of at least 39 years , <i>or</i> Holders and those with property under contract	Property Owner, <i>or</i> Tenant with lease of at least 5 years
Eligible projects	Costs must exceed adjusted basis (25% of the purchase price minus current value of land) Project must meet the Secretary of the Interior's Standards	Costs must exceed \$5,000 Project must meet the Secretary of the Interior's Standards
Time limits	1) Applicant must start work within 12 months of allocation, and; 2) Applicant must be at least 20% finished within 18 months of allocation. Part 2 Application must be submitted within 60 days of project completion	Project must be completed within 24 months (or 48 with a one-time extension) Part 2 Application must be submitted within 60 days of project completion
Completed work	Can be claimed if completed within 60 days and documented	Can be claimed if within 24 month period and documented
Extent of tax savings	25% of Qualified Rehabilitation Expenditures (QREs) for projects \$2 million or less; 20% of Qualified Rehabilitation Expenditures (QREs) for projects more than \$2 million	20% of Qualified Rehabilitation Expenditures (QREs)
Disaster relief	Additional 5% credit for properties located in areas that have been designated as disaster areas within past 6 years	None
Project cap	The maximum amount of tax credit available to any commercial property is \$1 million per year	\$50,000 per property
Credit availability	See Reservation Limits Per Year chart on opposite page	Subject to yearly budget estimates
Credit length	Can be used for up to 10 years	Can be used for up to 10 years
Allowable costs	Any expenditures allowed by federal tax credit (IRS code 47(c)(1)(A))	Qualified Rehabilitation Expenditures (QREs)
Fees	\$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
Recapture	No recapture of credits under the new law	Recapture plan if property sold within 5 years
Transferability & saleability	Owners, including nonprofit organizations, may use, transfer or sell credits to other taxpayers; these other taxpayers may in turn transfer credits to additional taxpayers, using the OEDIT website	None; credits stay with owner



Learn more or apply at: www.historycolorado.org/preservation-tax-credits