

A photograph of a historic street scene featuring several multi-story brick buildings with ornate architectural details like arched windows and decorative cornices. A white sedan is parked on the street in the foreground. The image is semi-transparent, serving as a background for the text.

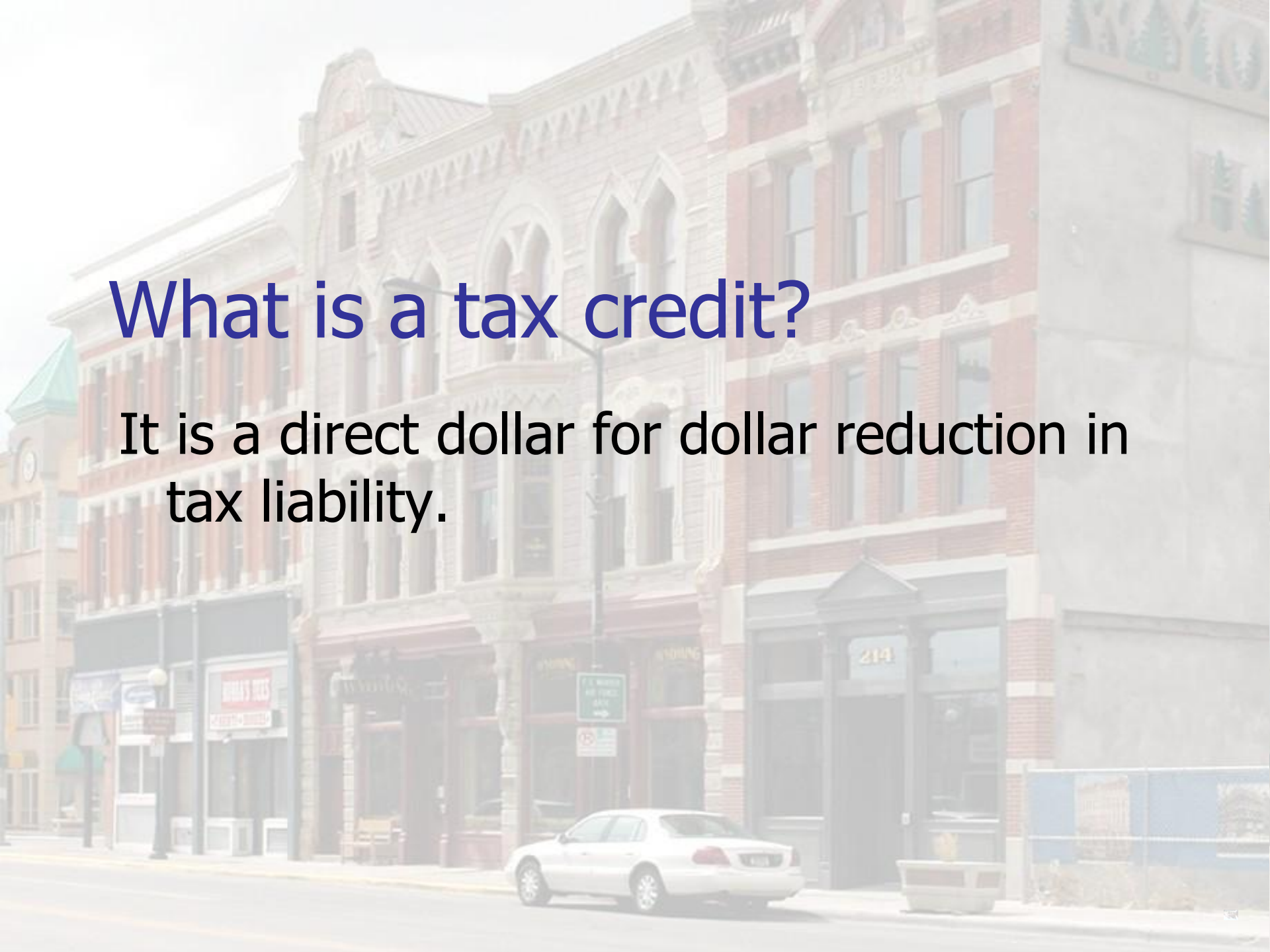
# **Historic Rehabilitation Tax Incentives**

# Joint program between:

- National Park Service  
Technical Preservation Services
- State Historic Preservation Office
- Internal Revenue Service

# What is a tax credit?

It is a direct dollar for dollar reduction in tax liability.



## 2 Types of credits

- 20 % credit for historic buildings
- 10% credit for non-historic buildings built before 1936

# Computing the 20% Credit

Total allowable rehabilitation cost \$100,000

$$20\% \text{ of } 100,000 = 20,000$$

Credit of \$20,000 is taken  
on **federal** taxes

## Allowable rehabilitation costs include:

- Construction costs
- Interim financing – loans fees and interest
- Property taxes and insurance during construction
- Architectural, engineering and design fees
- Builder, contractor, developer fees
- Appraisal fees

# Allowable rehabilitation costs **do not** include:

- Building acquisition
- Intangible assets that include reserves, permanent loan fees, marketing expenses, and some legal and accounting
- Site work including parking lot, sidewalks and landscaping

# To qualify for the 20% credit:

- Listed on the National Register of Historic Places
  - Individually
  - Contributing to a historic district
  - Contributing to an NPS certified local district



# To qualify for the 20% credit:

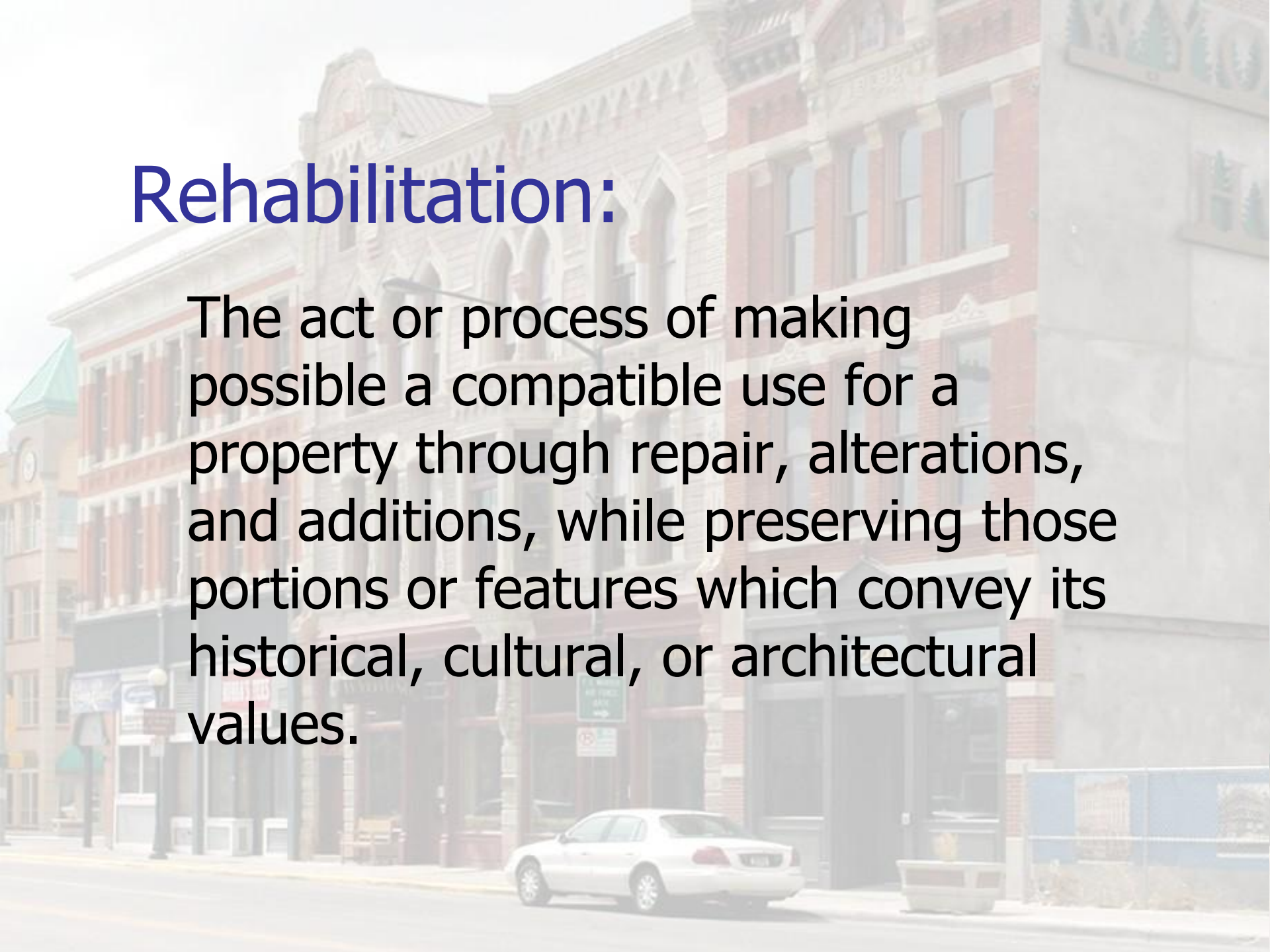
- Listed on the National Register of Historic Places
- Property must be used for income producing purposes
  - retail
  - offices
  - industrial
  - rental housing
  - Bed and Breakfast

# To qualify for the 20% credit:

- Listed on the National Register of Historic Places
- Property must be used for income producing purposes
- Rehabilitation must meet the Secretary of the Interior's *Standards for Rehabilitation*

# Rehabilitation:

The act or process of making possible a compatible use for a property through repair, alterations, and additions, while preserving those portions or features which convey its historical, cultural, or architectural values.



# To qualify for the 20% credit:

- Listed on the National Register of Historic Places
- Property must be used for income producing purposes
- Rehabilitation must meet the Secretary of the Interior's *Standards for Rehabilitation*
- Property must meet the substantial rehabilitation test

# Substantial Rehabilitation Test

Amount of the property	\$125,000
■ cost of the land	- 40,000
■ cost of any depreciation	- <u>0</u>
= the cost of the building	\$ 85,000

Need to spend more than \$85,000  
within a 24 month period to partake  
of the credit

# To qualify for the 20% credit:

- Listed on the National Register of Historic Places
- Property must be used for income producing purposes
- Rehabilitation must meet the Secretary of the Interior's *Standards for Rehabilitation*
- Property must meet the substantial rehabilitation test
- Property must be owned for 5 years after the credit is taken

# Application

- Part 1 - Certifies the building is historic
- Part 2 - Describes the rehabilitation
- Amendments
- Part 3 - Certifies that you did what you said you were going to do

# Taking the credit

- Credit can not be taken until the work is completed
- Credit is taken on your Federal taxes using IRS form 3468

**Gallery of Wyoming  
20 %  
Historic Rehabilitation  
Tax Credit Projects**



Wyoming Home  
Cheyenne



Brooks Lake Lodge  
Fremont County

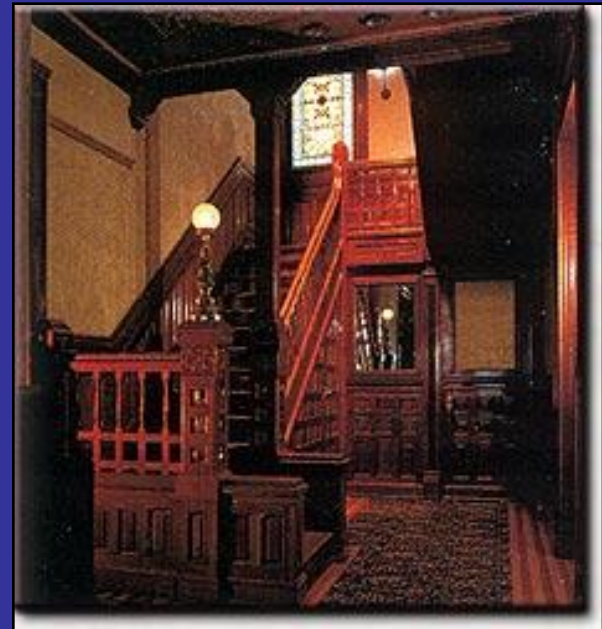




Flat Creek Dude Ranch Teton County



Nagle Warren Mansion  
Cheyenne



# Adding to the Gallery

- A couple of project underway
- Rural properties – barns, dude ranches, resorts – are possibilities
- 10% credit possibilities
- We're missing out in Wyoming

# Nationally, rehab tax projects

- 25 % owned by individuals
- Over 40% created housing
- Over 50% cost less than \$1 million
- Nearly 50% provided office and commercial space

# Historic Rehabilitation Tax Credit program:

- Supports private investment in historic building
- Preserves historic buildings
- Stimulates private investment
- Revitalizes communities
- Supports sustainable or green initiatives

# Tax Credit SHPO Contact

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