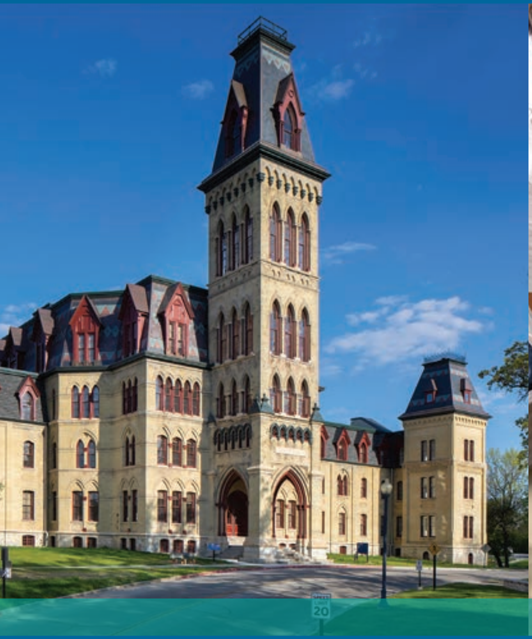
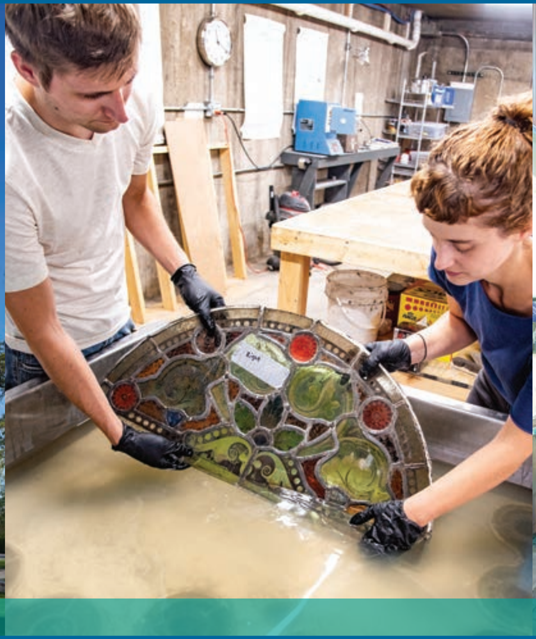
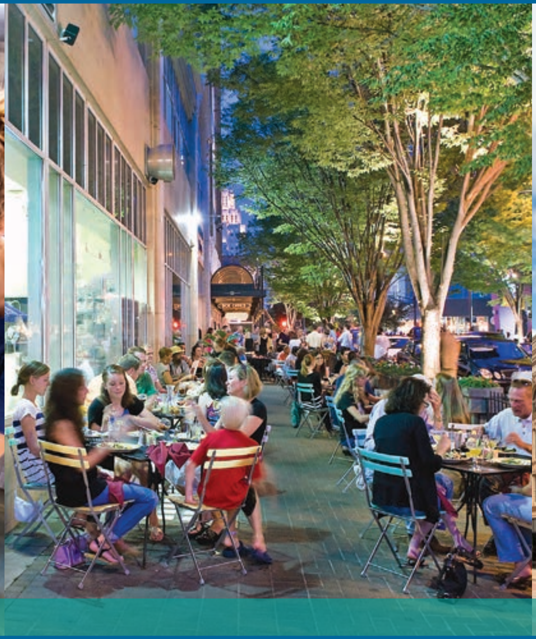
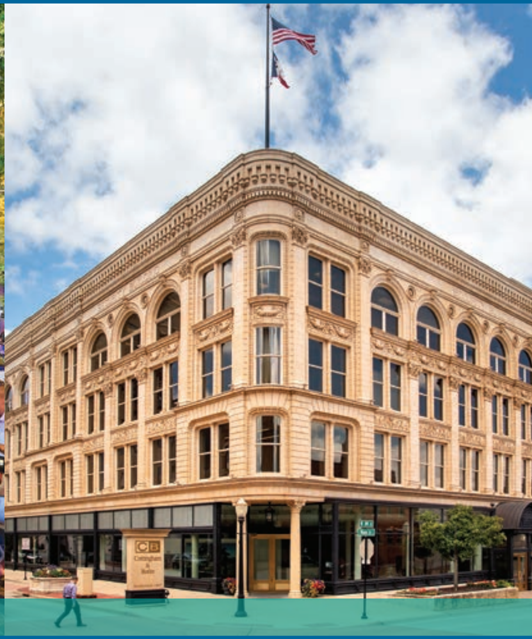
State Historic Tax Credit Resource Guide

PREPARED BY THE NATIONAL TRUST FOR HISTORIC PRESERVATION // JANUARY 2023









National Trust *for* Historic Preservation®

INTRODUCTION

For nearly 40 years, the National Trust for Historic Preservation has supported the creation of state historic tax credit incentives to promote the rehabilitation and reuse of historic buildings and strengthen the economic vitality of the nation's communities.

With more than 70 percent of states adopting some form of tax incentive to support building reuse, the utility and success of this preservation policy is clear.

First established in 1976 as depreciation incentive and then in 1981 as a tax credit, the federal historic tax credit set the foundation for spurring private investment in the rehabilitation of the nation's historic buildings. Soon thereafter, New Mexico enacted the nation's first state historic tax credit in 1984. Since then, the majority of states have followed suit by enacting their own state historic tax credit programs.

Among the states, these incentives differ in size and scope and are frequently modified by state legislatures as they identify new ways to address pressing needs. As states look to strengthen and tailor these incentives, this resource guide offers an overview of the tangible benefits of historic tax credit programs, the elements of top-performing credits, and a state-by-state comparative analysis of key features. It is intended to serve historic preservation policy makers, advocates, and practitioners alike as they determine the optimal incentive for their state.

Previous, from left: Milwaukee Soldiers Home in Milwaukee, Wisconsin. BY RYAN HAINEY PHOTOGRAPHY; Students learned renovation skills in the former St. Mary's Church at Steeple Square in Dubuque, Iowa. BY MATTHEW GILSON; Downtown dining in Winston-Salem, North Carolina. BY J. SINCLAIR PHOTOGRAPHY; Security Building in Dubuque, Iowa. BY MATTHEW GILSON

Above: In 1984 New Mexico established the nation's first state historic tax incentive. Residential rehabilitation projects like this one in Albuquerque are eligible for the credit. COURTESY NEW MEXICO HISTORIC PRESERVATION DIVISION

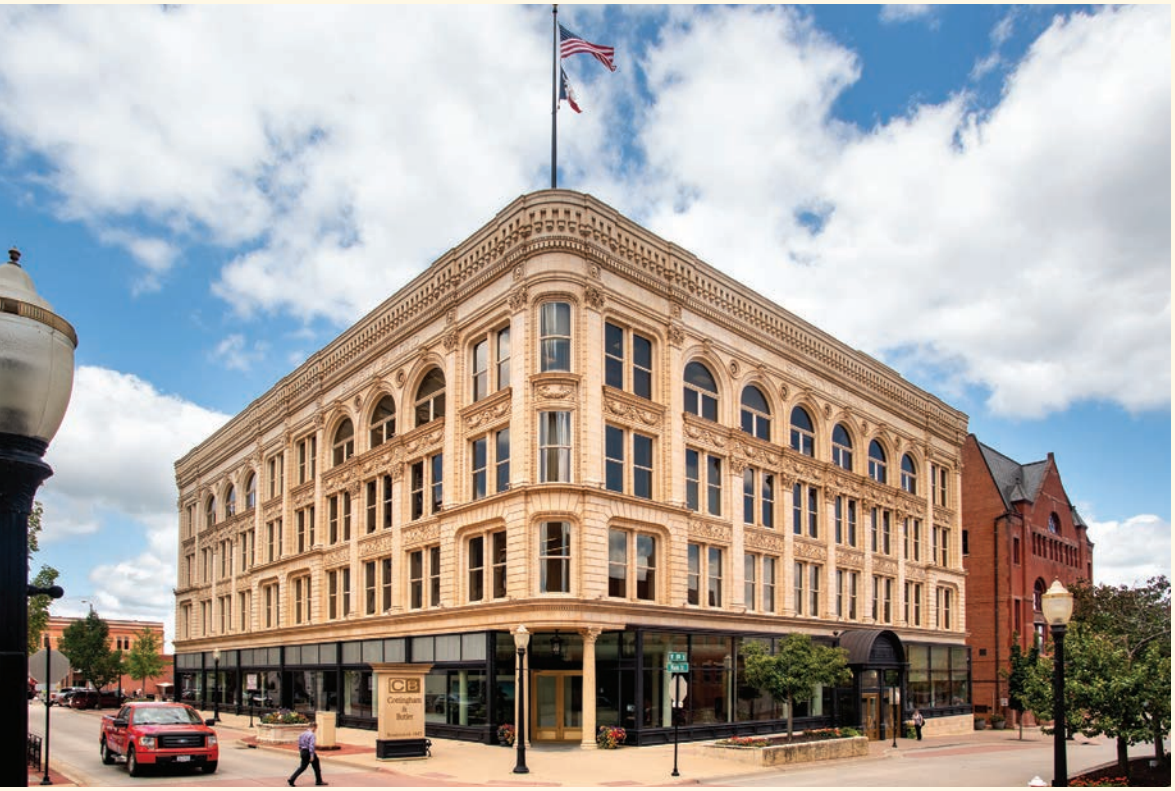
WHAT IS A STATE HISTORIC TAX CREDIT (HTC)?

Although they vary from state to state, all state historic tax credits (HTCs) are a dollar-for-dollar reduction in tax liability and include:

- Criteria establishing which buildings qualify for the credit;
- Standards to ensure that rehabilitation preserves the historic features of the building;
- A method for calculating the value of the credit awarded—reflected as a percentage of the total Qualified Rehabilitation Expenditures (QREs);
- A threshold dollar amount required to be invested in the rehabilitation; and
- Project review and a process that requires approval by the state historic preservation office (SHPO).

BENEFITS OF INCENTIVIZING THE REHABILITATION OF HISTORIC BUILDINGS

Today, a majority of states offer HTCs. After nearly four decades of policy development, state legislatures have found that historic rehabilitation incentives bring tangible, lasting benefits to their residents, neighborhoods, and communities.



Rehabilitation of the Security Building (1897) was made possible by the Iowa State Historic Tax Credit. The former dry-goods store now serves a the headquarters of Cottingham & Butler, an insurance company whose employees shop, dine, and live in downtown Dubuque, Iowa. As one of the first historic tax credit projects in Dubuque, the rehabilitation had a transformative effect on the community, according to John Gronen, Gronen Construction. BY MATTHEW GILSON

Legislators have found that a well-designed state HTC program:

Makes historic rehabilitation financially feasible. Given the complexities associated with rehabilitating a historic building, banks lend fewer dollars to these projects compared to new construction. Incentives are required to fill the financing gap and make projects economically feasible. Changes made to the federal historic tax credit in 2018, along with the current labor shortages and supply chain issues, have made state historic tax credits even more critical to making a rehabilitation project feasible.

Creates high-wage local jobs. Because they are labor intensive, rehabilitation project costs are on average 60 percent labor and 40 percent materials. By comparison, new construction costs are roughly 40 percent labor and 60 percent materials.[1] Historic rehabilitation materials are more likely to be purchased locally, and labor typically includes higher-paid local craftsmen skilled at repairing historic windows, plaster, masonry, and flooring. As a result, approximately 75 percent of the economic benefits of historic rehabilitation projects remain in the communities where the buildings are located.[2]

Increases the amount of rehabilitation occurring in a state. After examining all the state historic tax credit programs to determine their impact on use of federal historic tax credits, researchers found that the presence of an active state tax credit program boosts the annual use of the federal credit for rehabilitation on average between $15 million and $35 million in certified expenditures. States with active tax credit programs are bringing in between $3 million and $7 million annually in new federal investment, which would not otherwise benefit the state.[3]

Attracts private capital to areas that have not seen public investment in decades. Without rehabilitation, blighted buildings lower the tax base, invite crime, deter other investment, and cost communities money. Economic development in areas with existing infrastructure saves significant tax dollars and reduces the pressure to use farmland and open spaces for new construction.

1 *Economics of Historic Preservation: A Community Leaders Guide,* by Donovan Rypkema, National Trust for Historic Preservation, 2005.

2 Ohio State Historic Tax Credit Report, Ohio Development Services Agency, 2015.

3 *Leveraging Federal Economic Development with State Rehab Tax Credits,* by Jeffrey Oakman and Marvin Ward, Washington, DC Office of Revenue Analysis, 2012.

BENEFITS OF INCENTIVIZING THE REHABILITATION OF HISTORIC BUILDINGS

Milwaukee Soldiers Home, Milwaukee, Wisconsin. State HTCs attract investment to vacant and underused properties which would otherwise likely be demolished. An Enhanced Use Lease (EUL) Agreement between the U.S. Department of Veterans Affairs, The Alexander Company, and the Housing Authority of the City of Milwaukee created a mutually beneficial partnership that leveraged state and federal HTCs to rehabilitate the Milwaukee Soldiers Home and met a pressing community need. BY RYAN HAINEY PHOTOGRAPHY

Consistently provides a strong return on investment. Rehabilitation incentives require the private sector to make the initial investment and states only award credits after the building is rehabilitated and its completion is certified by the SHPO. This approach offers states a low-risk, high-yield alternative to direct investment in bricks and mortar community redevelopment. According to an impact analysis conducted by Baker Tilly Virchow Krause, 40 percent of the credit is paid back in state taxes before the building is finished, and the remainder is recouped by the state within 4 years. After the repayment period, rehabilitated buildings continue to generate new local and state tax revenues.[4]

Offers a flexible tool for community reinvestment. State HTCs have been adapted to provide economic help to areas suffering from disinvestment. Enacting a credit specifically to encourage rehabilitating vacant mill buildings in North and South Carolina, for example, has helped rebuild formerly textile-dependent communities.

Leverages significant private investment. More than a dozen studies document the significant additional private investment that is attracted to states that offer a state historic tax credit. An assessment conducted for the Ohio Development Services Agency, for example, estimates that every dollar of state historic tax credit attracts an average of $6.20 in private investment. The same report found state historic tax credits are a major factor for owners and lessees when deciding whether or not to invest private capital in renovation.[5]

Benefits a broad range of communities. State HTCs benefit both rural and urban areas because potential historic rehabilitation projects exist everywhere—from blighted former industrial areas to Main Street communities. Redeveloping a historic building increases its property value, as well as the value of surrounding property, promoting additional economic activity in the area.

Conserves energy and resources. Recycling historic buildings for new uses avoids the carbon emissions that occur when materials for new buildings are mined, manufactured, and transported. State HTC projects often include energy saving features, from better insulation to solar panels, that help older structures perform as well—or better—than new "green" buildings.[6] For example, 64 historic houses rehabilitated in Macon, Georgia saved 6,800 tons of material from going into the landfill.[7]

Supports revitalization of diverse, walkable communities. In addition to housing, many state HTC projects reactivate centrally located, affordable spaces for local businesses and services, making it easier for residents of all ages and income levels to live independently of the need for personal transportation. Establishes a public-private partnership approach to community revitalization that supports the preservation and rehabilitation of significant historic buildings. Historic buildings provide a sense of place and their rehabilitation enhances neighborhood vitality. Preserving and using historic assets in new ways contributes to an improved quality of life that helps retain existing residents and attract new investment.

Provides housing for residents of all incomes. Every year, state HTC projects create thousands of new housing units and bring new life to once vacant mills, schools, office buildings, warehouses, factories, and other structures. Many of these units are affordable for low-and moderate-income families. According to a 2022 report for the Georgia Department of Audits and Accounts, the Georgia Historic Rehabilitation Tax Credit (HRTC) "also acts as a de facto housing policy that encourages the preservation (or conversion) of structures offering market-rate and affordable housing. ... the HRTCs contribute significantly to neighborhood revitalization without gentrification."[8]

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4 Wisconsin Historic Tax Credit: Impact Analysis, Baker Tilly Virchow Krause, LLP, 2016.

5 Ohio State Historic Tax Credit Report, Ohio Development Services Agency, 2015.

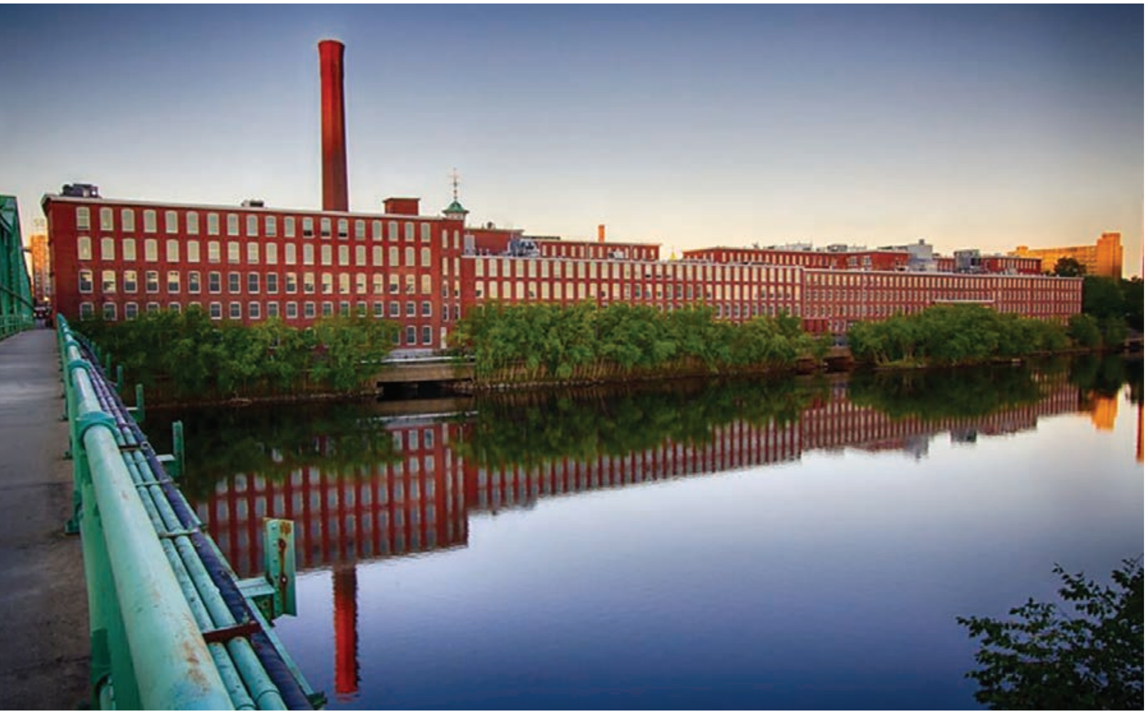
6 *The Greenest Building: Quantifying the Environmental Value of Building Reuse,* National Trust for Historic Preservation, 2016.

7 Beyond Preservation: The 25 Year Impact of the Historic Macon Foundation," Place Economics, February 2022 accessed from https://www.placeeconomics.com/resource/

8 *Tax Incentive Evaluation: Georgia's Historic Rehabilitation Tax Credit,* Georgia State University Fiscal Research Center for Georgia Department of Audits and Accounts, November 2022.

ELEMENTS OF TOP PERFORMING STATE HISTORIC TAX CREDITS

The top-performing state HTCs, defined here as ones that help rehabilitate the most buildings and attract the most private investment, generally follow the framework of the federal HTC—meaning these credits are predictable for owners and lessees. A clear understanding of how much historic tax credit incentive is available for a project is critical to obtain financing. The top-performing state HTCs are also easily transferable to entities with state tax liability, which is also fundamental to creating value for investors and property owners alike.



The ongoing renovation of one of the historic Boott Cotton mill buildings (200,000 square feet) in the Lowell, Massachusetts complex resulted in 48 units of affordable housing and 184 units of market-rate housing. COURTESY WINN DEVELOPMENT

Key Elements of an Effective HTC Incentive

Predictable Credit Allocation

States that have created uncapped programs have had an economic advantage in attracting capital for historic preservation. Even where an annual limit is relatively high, imposing a cap creates uncertainty regarding the amount and availability of credits that often discourages developers.

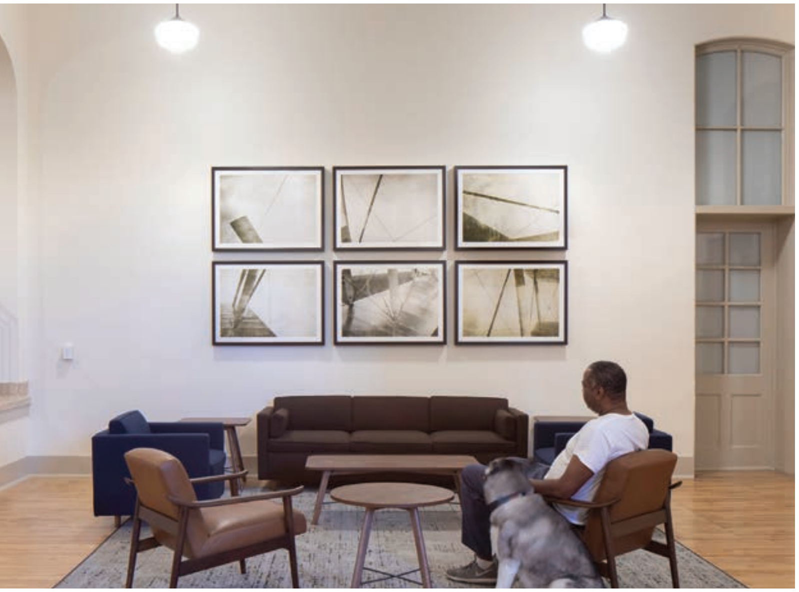
Where demand for credits exceeds the amount permitted by law, applicants either must compete for credits or participate in a lottery or other allocation system. Projects that are not financially feasible without a credit are often discouraged from participating because of the lack of certainty as to the outcome, the cost of preparing an application that nonetheless may be unsuccessful, and the difficulties of keeping financing commitments in place during the evaluation process.

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 hoping to avoid the pitfalls of annual aggregate caps on the overall program. The effectiveness of the credits in providing incentives to developers is likely to be a function of how high the per-project or per-taxpayer limit is set. Some states have successfully experimented with caps as high as $5 million per project (e.g., Connecticut, Maine, and New York).

Very low credit limits, like Pennsylvania's $5 million overall program cap and $500K per project cap, are too low to provide a predictable incentive. This has led to the continuing deterioration of many historic buildings across the Commonwealth.[9] In contrast, the Texas HTC does not have a

9 *The Missing Key: A Study of the Impact and Potential of the Pennsylvania State Historic Tax Credit,* Place Economics for Preservation Pennsylvania, March 2019.

ELEMENTS OF TOP PERFORMING STATE HISTORIC TAX CREDITS



Lounge areas in the Milwaukee Soldiers Home provide inviting common spaces for residents. Thanks in part to Wisconsin's robust state historic tax credit, six historic buildings in the Milwaukee Soldiers Home National Historic Landmark District have reopened to provide housing for formerly unhoused veterans. BY RYAN HAINEY PHOTOGRAPHY

per-project or an aggregate cap, which provides assurance to property owners and developers that they will receive credits if they complete an approved rehabilitation on a certified historic building. Before the credit was put in place, the Texas Historical Commission processed about ten federal historic tax credit rehabilitation projects per year. After enacting a state-level credit, Texas saw a tripling of the private investment in its historic buildings. Since the program started in 2015, the Commission has processed applications for over 355 completed rehabilitation projects of varying size in both urban and rural areas.

Kentucky's first iteration of a state HTC offered up to a 20 percent credit for commercial buildings and a 30 percent credit for owner-occupied residences. Because of a $5 million annual aggregate cap, however, Kentucky saw relatively few rehabilitation projects completed each year. Recent improvements to the Kentucky credit increased the annual program cap to $100 million, doubled the credits for owner-occupied projects from $60,000 to $120,000, and increased the cap for commercial projects from $400,000 to $10 million.

Easily Transferable Credits

A state tax credit has value only to the extent the credit holder has sufficient state tax liability for the credit to offset. Consequently, a valuable state tax credit may wind up in the hands of a party unable to use it and therefore they might not choose to undertake the renovation, leaving the building deteriorating. States have solved this problem in one or more ways:

1. Direct Transfer: a state may permit the direct transfer of tax credits to a third party that has sufficient tax liability to use it. For example, Colorado, Kansas, Kentucky, and Oklahoma permit the party that earns the credit to sell it to another entity that can use it.

2. Disproportionate Allocation: Like the federal credit, a state's tax 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 another entity acquires the federal tax credit. For example, Virginia, Kansas, and Delaware allow the credit to be passed through and allocated to partners or shareholders in this way.

3. Refundable: State HTCs are also considered easily transferable when they are refundable. When a tax credit is refundable, 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 previous two techniques for transferring credits, the most practical solutions for them are to allow the unused credit to be either refunded or sold. Iowa, Maryland, and Ohio provide a refundable tax credit, which is of particular value to lower-income homeowners who do not have significant annual tax liability.

Other features of top-performing historic tax credits

Optimal HTC Percentage. The percentage of the credit should be high enough to attract the desired level of private investment, typically between 20 percent to 30 percent of qualified rehabilitation expenditures. Significantly lower rates fail to provide sufficient incentive to make a difference in a developer's decision to undertake a historic preservation project.

Broad Building Eligibility. To maximize the utility of a state historic tax credit, a variety of building types and classes of buildings should be eligible for credits. A broad scope of eligible buildings usually includes the following:

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;

ELEMENTS OF TOP PERFORMING STATE HISTORIC TAX CREDITS

North Carolina's historic rehabilitation tax credit programs, including one designed specifically to address vacant industrial buildings, enabled the stunning revitalization of the Innovation Quarter in Winston-Salem, North Carolina. Formerly vacant historic mills, now repurposed for bio-tech use, host more employees today than when they were first constructed for manufacturing.
COURTESY VISIT WINSTON-SALEM

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.

Some states offer credits based on age alone (older than 50 years, for example) while others offer credits for renovating specific building types (mills, barns, etc.).

Predictable Standards to Preserve Historic Features. While the National Trust supports efforts to meaningfully reform the Secretary of the Interior's Standards for Rehabilitation ("the Standards") to account for a broader understanding how the field interprets and understands various ways a building retains historic integrity, the Standards serve as the most comprehensive and widely adopted guidance used by state historic preservation office staff in the tax credit review process.

Available to a Variety of Taxpayers. To ensure the broadest possible use of the credits, state programs often allow credits to offset different types of taxes. For example, in a number of states, entities like insurance companies, banks, and public utilities are not subject to an income tax, but are taxed according to their specific industries.

Some of the most important historic buildings in a community are also the most challenging to rehabilitate and might not be well-suited for private redevelopment. Non-profit organizations will frequently step in to tackle the most complicated rehabilitation projects where there is a clear public benefit. Rehabilitation of a historic theater on main street, for example, may require the leadership of a nonprofit organization that can bring together all financial resources, including grants and state HTCs, to complete the project. To make this possible, state HTC programs frequently offer a mechanism for transferring the credits from nonprofit organizations to entities with tax liability. Additionally, some states allow the credits to be used by long-term lessees as well as property owners to encourage even more rehabilitation.

Finally, many states also offer historic tax credits for homeowners, which helps prevent displacement and preserves community character. States with historic homeowner tax credits offer communities a key tool for revitalizing older residential neighborhoods that is not available at the federal level.

Geographic Distribution and Targeting. Several state incentives increase the amount of credits available for areas that are suffering from disinvestment or other economic distress. For example, North Carolina's successful mill credit offers additional credits to rehabilitation projects occurring in the state's most economically distressed counties.

Other states have adopted geographic set-asides to increase the number of rehabilitation projects in rural areas. States considering setting aside historic tax credits for specific areas or purposes should take care to ensure the funds are fully used. Several states that set aside credits for rural communities, for example, require any unused allocation of credits to be reallocated to the original pool of funding to be spent down.

STATE HTCS AROUND THE COUNTRY

Below is a state-by-state comparison summarizing different features of state historic tax credits, including the credit percentage, the amount of investment required by each state to apply for the credit, and how the credit may be transferred to another entity with tax liability. For additional details about each state's credit, please consult the state historic preservation office and by clicking on each state name below.

The following 13 states do not currently have HTC credits: Alaska, Arizona, Florida, Idaho, Minnesota, Nebraska, Nevada, New Hampshire, Oregon, South Dakota, Tennessee, Washington, and Wyoming.

STATE	STATUTE	EFFECTIVE YEAR	CREDIT PERCENTAGE FOR INCOME-PRODUCING PROPERTIES	CREDIT PERCENTAGE FOR HOMEOWNERS	ADDITIONAL CREDITS/ STATE PRIORITIES	SUBSTANTIAL REHAB REQUIREMENT	ANNUAL AGGREGATE CAP	ANNUAL PER-PROJECT CAP	DIRECT TRANSFER	DISPROPORTIONATE ALLOCATION BY PARTNERSHIP AGREEMENT	REFUND	CARRY FORWARD
Alabama	Act #2017-380	2018	25%			Greater of 50% of purchase price or $25,000	$20M	$5M; 40% reserved for counties with <175K population	●		●	
Arkansas	Act 840	2009	25%	25%	Major Historic Rehab Tax Credit	$25K commercial; $5K homeowners ; $1.5M major rehab	$8M	$400K commercial; $25k non-income producing properties	●	●		5 years
California (Rules out for comment)	SB451	2021	20%	20% if adjusted gross income <$200K	25% for federal surplus property, affordable housing, designated census tract, military base reuse, or transit oriented development	same as federal HTC	$50M, with set asides of $2M for homeowners and $8M for small projects (< $1M QRE)	none for commercial; $25K for homeowners		●		7 years
Colorado	HB1190	2015; reauthorized 2018	25% for $2M QRE; 20% for $2M+ QRE	20%	25% disasters; 35% rural communities	$20,000	$10M commercial, no residential aggregate cap	$1M commercial; $50K per residential property through 2032	●	●	after 10 years refundable	10 years
Connecticut	Connecticut Code Title10, Chapter-184b, Section 10-416c C.G.S. section 10-416	2014 commercial; 2000 homeowners	25%	30%	30% affordable housing or in opportunity zones	25% of assessed building value (commercial); $15K (homeowners)	$31.7M (commercial); $3M (homeowners)	$4.5M commercial; $30K homeowners	●	●		5 years
Delaware	30 Del.C. Ch.18, Subch. II, §1815(b)	2002	20%	30%	30% for non-profits; 40% for affordable housing and low income owners	same as federal HTC; $5K for owner-occupied	$8M; set asides $1.5M small projects; $1.5M downtown development districts; and $100K resident curators	$30K for homeowners	●	●		10 years
Georgia	(Ref. O.C.G.A. Section 48-7-29.8) and Senate Bill 6	2002	25%	25% through 2024	30% for homes in HUD areas	Homowners—lesser of $25K or 50% adjusted basis; Commercial—greater of $5,000 or adjusted basis	$30M; $5M for homes	$5M commercial and $10M if meets job creation tests; $100K per home	●	●		10 year for homeowners only
Hawai'i	§235-110.97	2019	30%	30%		25% assesed value of structure	$1M	None	●			10 years
Illinois River Edge	35 ILCS 5/221	2012	25%	None		$5K or adjusted basis between 2018–2027	None	None		●		5 years
Illinois Statewide	35 ILCS 31/	2019	25%	None	Allocation based on priorities: 1) located in county next to state with commercial HTC program; 2) previously owned by govt. entity; 3) located in low income census tract; 4) involves nonprofit partner; 5) located in disaster area.	greater of $5,000 or adjusted basis	$15M ($75M over 5 years)	$3M (per project)		●		10 years

STATE HTCS AROUND THE COUNTRY, continued

STATE	STATUTE	EFFECTIVE YEAR	CREDIT PERCENTAGE FOR INCOME-PRODUCING PROPERTIES	CREDIT PERCENTAGE FOR HOMEOWNERS	ADDITIONAL CREDITS/ STATE PRIORITIES	SUBSTANTIAL REHAB REQUIREMENT	ANNUAL AGGREGATE CAP	ANNUAL PER-PROJECT CAP	DIRECT TRANSFER	DISPROPORT-IONATE ALLOCATION BY PARTNERSHIP AGREEMENT	REFUND	CARRY FORWARD
Indiana	IN Statutes, Article 23, Rule 312, IAC 23-1 to IAC 23-3	2002	None	20%			$250,000	None				
Iowa	Iowa Chapter 1194, H.F. 2560	2000	25%	25%		Lesser of 50% of the assessed value or $50,000	$45M	None	●	●	● Yes and reduces 5% per year till 75% in 2027	15 years
Kansas	Kansas Chapter 79, Article 32, Section 211a	2001	25% in communities over 50,000 population (pop.)	25%	30% for nonprofits, 30% in towns with 9,500–50,000 pop., 40% in towns with less than 9,500 pop.	$5,000	None	None	●	●		10 years
Kentucky	KY Revised Statutes 171	2005	up to 20%	30%		Greater of adjusted basis or $20K; $20K homeowners	$100M; 25% set aside for owner occupied residences	$10M commercial; $120K owner-occupied	●	● Yes for non-taxed entities	●	7 years
Louisiana	Louisiana RS 47:6019	2002	20% if located in a downtown development or cultural district	None		$10,000	$125M annually	$5M per taxpayer; per year, per cultural district	●	●		5 years
Maine	Maine Title 36, Part 8, Chapter 22, 5219-BB	2008	25%	None	35% for affordable housing	Same as federal HTC; $50K if federal HTC not claimed	None	$5M per building; per year		●	●	3 years
Maryland	HB27 (2022)	2004	20% for commercial as well as small commercial projects defined as under $500K in QRE	20%	Additional 5% for LEED Gold projects	$25K or 50% of the adjusted basis for commercial projects; $5K for small commercial projects	$20M Commercial, $2M small commercial 2024–2031	$5M; $50K over 24 months for small commercial	●	●	●	
Massachusetts	Mass. Regulation 830-CMR-6338r1	2005	up to 20%	None	25% for affordable housing	25% of adjusted basis	$55M	None	●	●	●	5 years
Michigan	Public Act 343, Enrolled SB54	2020	25%	25%		Equal to or greater than 10% of the property value; $1000 for homeowners	$5M with $2M for income-producing; $2M for small projects, $1M for homeowners	None	●	●		10 years
Mississippi	Mississippicode ann.27-7-22.31	2016	25%	25%		50% of the total base	$12M	None		● Yes, but not also with refund	●	10 years
Missouri	Title XVI Conservation, Resources & Development, Chapter 253	1998	25%	25%	50% of total basis of the property	$104M annually ($163.5M in FY2023); additional $30M in areas of high poverty; small projects uncapped	$250K in credits per homeowner	●	●			10 years and 3 years carry back

STATE HTCS AROUND THE COUNTRY, continued

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Montana	Montana Code 15-31-151	1997	5% if receiving federal HTC			Greater of $5,000 or adjusted basis	None	None				
New Jersey	Historic Property Reinvestment Act	2020	Up to 40%	Allows residential rental purpose with min. 4 dwelling units	Up to 45% for transformative projects in qualified incentive tract or municipality	Greater of adjusted basis or $5,000	$50M	$4M per project; $8M if transformative project	●			
New Mexico	4NMAC 10.9.1-10.9.14	1984	50%	50%			None	$25K; ($50K inside Arts & Cultural Districts)		●		4 years
New York	New York State Parks, Recreation and Historic Preservation	2007	20% if receiving federal HTC; 30% for small projects under $2M QRE	20%	25% for barns	Greater of $5,000 or adjusted basis (commercial); $5,000 (homeowners) and 5% exterior work	None	$5M commercial; $50K homeowners; $750K barns			●	Barns: Indefinity or if adjusted gross income is below $60K, a refund
North Carolina	NC Statutes, Chapter 105, Article 3L Credit for Mill Rehabilitation (Article 3H)	2016	15% for up to $10M QRE; 10% for $10–$20M QRE	15%	Additional credits for qualifying former industrial sites (mills, etc.)—% varies based on target area	Greater of $5,000 or adjusted basis in 24 months (commercial); $10K homeowners	None	$4.5M commercial; $22.5K homeowners; $3M vacant industrial		● Yes, when 40% allocated to owner		
North Dakota	N.D. Cent. Code § 40-63-06	1999	25% for projects in Renaissance zones	25%		50% of building value	None	None				
Ohio	OHPTC Programs and Policies	2007	25% and goes to 35% in a city with less than 300,000 in population				$120M 2023–2024; $60M 2025–forward	$10M		●	●	5 years
Oklahoma	State Statute 68-2357.41	2009	20% if receiving federal HTC			Greater of $5,000 or adjusted basis	None	None	●			10 years
Pennsylvania	PA Article XVII-H, Historic Preservation Incentive Tax	2013	25%	None	30% if workforce housing created	Greater of $5,000 or adjusted basis	$5M	$500,000	●			
Rhode Island	Rhode Island Laws, Title 44, Chapter 33.6	2002	20%	20% for scattered site development of 5 residential units (which includes single family homes)	25% if quarter of space or 1st floor for business	Adjusted basis of the building	$28M (2022); $25M (2021)	$5M	●	●	● Yes for tax exempt entities	10 years
South Carolina	SC Code of Laws, Chapter 6, Article 1, Sec. 12-6-3535 SC Code 12-67 Abandoned Buildings SC Code 12-65-10—Textile Revitalization	2003	10% credit and; 25% optional credit if no federal HTC is used and less then $1M QRE per structure	25% and additional credits for hurricane preparations or retrofit	Permits additional 25% former mills credit or 25% abandoned buildings credit	Same as federal HTC (commercial); $15K for homeowners		$1M for those taking 25% optional credit; Yes for those also using mill credit		● Yes for 10% credit; Yes for pass through entities using mills credit		5 years

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STATE	STATUTE	EFFECTIVE YEAR	CREDIT PERCENTAGE FOR INCOME-PRODUCING PROPERTIES	CREDIT PERCENTAGE FOR HOMEOWNERS	ADDITIONAL CREDITS/ STATE PRIORITIES	SUBSTANTIAL REHAB REQUIREMENT	ANNUAL AGGREGATE CAP	ANNUAL PER-PROJECT CAP	DIRECT TRANSFER	DISPROPORT-IONATE ALLOCATION BY PARTNERSHIP AGREEMENT	REFUND	CARRY FORWARD
Texas	Tax Code Chapter 171, Subchapter S (Sec. 171.901.)	2015	25%	None	25% for nonprofit projects	$5,000	None	None	●	●		5 years
Utah	Utah Title-455 Rule-11	1993	None	20% for rental residential		$10,000	None	None				
Vermont	32 V.S.A. § 5930cc	1998	10% if federal HTC is used		25% façade, 50% code improvements, and 50% flood mitigation		None	No limit for 10%credit $25K façade improvement; $12K–$75K bldg code; $75K, flood mitigation				
Virginia	VA Code Title 58.1 Chapter 3, Section 58.1-339.2	1997	25%	25%		at least 50% of the assessed value (commercial); at least 25% of the assessed value (homeowner)	None	$5M per taxpayer		●		10 years
West Virginia	WV §11-21-8a	2018	25%	20%		$5,000 or adjusted basis	None	None	●	●		10 years
Wisconsin	WI 71.07(9m)(cn)4	2013 commercial; 1989 homeowner	20%	25%		$50K commercial; $10K homeowner can take up to 5 years to spend	None	$3.5M per person	●	●		

IMPORTANT DEFINITIONS

Aggregate Cap: the dollar limit on how much a state will invest in a state historic tax credit program, usually on an annual basis.

Carry Backward: the ability to apply current tax credits against taxes due in past 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 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.

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

Substantial Rehab Requirement: threshold investment in dollars spent per project, designed to ensure that the owner is committed to a rehabilitation project.

Per-Project Cap: a limit on how much in credits a state will be allocated to a single rehabilitation project.

Recapture Period: period 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.

Qualified Rehabilitation Expenditure: expenditures that are certified by a state historic preservation office as being connected with the rehabilitation or restoration of a historic structure. Only expenses that are "qualified" may be used in the calculation to receive historic tax credits (HTCs).

Secretary of the Interior's Standard for Rehabilitation: 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 historic tax credits as well as for many state tax incentives, financing, or programs impacting designated historic structures.

Sunset Date: the date on which a statutory provision, such as a state tax credit program, will expire.

CONCLUSION

Over the last four decades, state historic tax credit incentives have encouraged public-private partnerships that help drive private investment into our older and historic communities. With an established record of success and innovation, these incentives are widely accepted as one of the most efficient and effective ways for states to support community revitalization and historic preservation goals.

The National Trust for Historic Preservation is committed to supporting and improving these state incentives and is pleased to produce and update this resource guide on an ongoing basis. With these incentives, states not only increase revenue by broadening their tax base, they also transform areas of disinvestment into neighborhoods that attract residents and tourists alike. State historic tax credits fill a critical funding gap in development project financing and enable vacant and underutilized historic buildings to become economically productive again.

In the last ten years, the National Trust has observed that states are more frequently looking to their state historic tax credit programs to find innovative ways to address critical issues, including the need for affordable and workforce housing. It is also clear that state historic rehabilitation tax credits that avoid program caps and are easily transferred are doing the most to achieve historic preservation, community revitalization, and other state policy objectives. As states continue to develop more dynamic and innovative historic tax credit programs, these incentives will become increasingly more important as the full effect of changes to the federal historic tax credit in 2018, which reduced the value of the federal credits, is realized.

The National Trust looks forward to helping states create and strengthen historic tax credit incentives that make even the most challenging rehabilitation projects possible and help address the needs of their citizens, residents, communities.

THE NATIONAL TRUST FOR HISTORIC PRESERVATION works to save America's historic places for the next generation. We take direct, on-the-ground action when historic buildings and sites are threatened. Our work helps build vibrant, sustainable communities. We advocate with governments to save America's heritage. We strive to create a cultural legacy that is as diverse as the nation itself so that all of us can take pride in our part of the American story.

National Trust for Historic Preservation

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