

# HISTORIC REHABILITATION TAX INCENTIVE

INFORMATION



## LOUISIANA DIVISION OF HISTORIC PRESERVATION

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### Did you know...

The Federal Historic Tax Incentives program encourages private sector investment in the rehabilitation and re-use of historic buildings by offering incentives to offset rehabilitation costs.

It creates jobs and is one of the Nation's most successful and cost-effective community revitalization programs. With over 48,000 completed projects since its enactment in 1976, the federal program has leveraged over \$122.90 billion in private investment in the rehabilitation of historic structures. The National Park Service and the Internal Revenue Service administer the program in partnership with the Louisiana Division of Historic Preservation.

Louisiana is consistently a leader in certified Federal Historic Rehabilitation Tax Credit projects; since the program's inception in 1978, it has leveraged nearly \$5 billion in private investment in Louisiana's communities.

The companion State Commercial Tax Credit program has generated an additional \$932 million in investment for the rehabilitation of historic, income-producing buildings.

**To find out** if your project may be eligible for this program, please contact the Tax Incentives staff of the Louisiana Division of Historic Preservation or visit our website.

	Federal Historic Rehabilitation Tax Credit	State Commercial Rehabilitation Tax Credit
Eligibility	Income producing property individually listed on the National Register (NR) or a contributing element within a National Register Historic District (NRHD). No sunset date.	Income producing property that is a contributing element within a Downtown Development District, NRHD, a Cultural District or a NR listing as determined by the Division of Historic Preservation (DHP); at least 50 years old.
% of Credit	20% of Qualified Rehabilitation Expenditures.	25% of Qualified Rehabilitation Expenditures; 35% for projects in rural areas.*
Minimum Expenditure	Rehabilitation must exceed adjusted basis of building. If adjusted basis is less than \$5,000, the rehabilitation must be at least \$5,000.	\$10,000
Credit Cap	None	\$5 million per taxpayer per district per year; \$125 million in credit reservations allowed per calendar year for Part 2s submitted 01/01/2021 or later.
Application	Submitted to DHP and forwarded to the National Park Service (NPS) with recommendation. Part 1 certifies the building as historic. Part 2 describes the proposed rehabilitation. Part 3 is final certification of completed work. Retroactive applications are not accepted.**	Submitted to DHP. Part 1 certifies the building as historic. Part 2 describes the proposed rehabilitation. Part 3 is final certification of completed work. Retroactive applications are not accepted.
Fees	Fees range from \$0 for projects less than \$80,000 to a maximum of \$6,500 (for projects over \$3.85m).	Fees range from \$250 for projects less than \$100,000 to a maximum of \$15,000 (for projects over \$15m).
Standards	Secretary of the Interior's Standards for Rehabilitation	Secretary of the Interior's Standards for Rehabilitation
Taking the Credit	The credit is prorated over five years, starting in the year in which the project is completed and the building is placed in service.***	Credit is claimed for the year the project is completed and the building is placed into service. The project must have an approved Part 3. Unused credit may be carried forward for up to 5 years, and/or may be sold or transferred to a third party.
Recapture	If the owner sells the building within 5 years of the rehabilitation, they will lose 20% of the earned credit for each year short of the full 5 years.*** Any work done during the 5 year recapture period must meet Secretary of the Interior Standards and be approved by NPS.	None

\*Rural areas are defined as: parishes with a population less than 100,000; municipalities with a population less than 35,000; and unincorporated areas of parishes with a population of 100,000 or more.

\* \*\*Unless the building is individually listed in the National Register of Historic Places

\*\*\*Public Law No: 115-97 (December 2017) amends the Internal Revenue Code to reduce tax rates and modify policies, credits, and deductions for individuals and businesses. These and other changes to the Internal Revenue Code may affect a taxpayer's ability to use the 20% tax credit.