

## **State Commercial Tax Credit Application Fees**

The Division of Historic Preservation shall charge an application fee for each rehabilitation project that is submitted to the Division. Application fees for a single rehabilitation project are as indicated below:

<b>Qualified Rehabilitation Expenditures (QREs)</b>	<b>Part 2 Fee, based on <i>estimated cost of rehabilitation</i></b>	<b>Part 3 Fee, based on <i>qualified rehabilitation expenditures</i></b>
Up to \$100,000	\$250	None
\$100,001 - \$500,000	\$250	1.5% of credit amount, minus Part 2 fee
\$500,001 - \$1 million	\$500	1.5% of credit amount, minus Part 2 fee
\$1,000,001 - \$3 million	\$1,000	1.5% of credit amount, minus Part 2 fee
\$3,000,001 - \$6 million	\$2,000	1.5% of credit amount, minus Part 2 fee (\$15,000 cap)
\$6,000,001 - \$15 million	\$3,500	1.5% of credit amount, minus Part 2 fee (\$15,000 cap)
\$15,000,001 +	\$5,000	1.5% of credit amount, minus Part 2 fee (\$15,000 cap)

A decision will not be issued on an application until the appropriate remittance is received. Fees must be submitted by check, made payable to the Louisiana Division of Historic Preservation. You must reference your project's address and assigned project number (if available).

All Part 2 applications received on or after September 20, 2014 will have fees assessed according to the schedule above.

### **Calculating the Application Fees**

The formula below will utilize information reported on both the Part 2 and Part 3 application forms. The letters in parentheses correspond to their respective place in the formula used to calculate fees, as defined:

- (A) Qualified Rehabilitation Expenses as reported in Section 2 of the Part 3 – Request for Project Certification
- (B) Amount of estimated credit
- (C) Total project application fee
- (D) Previously submitted Part 2 application fee
- (E) Part 3 application fee

### **Calculating the Part 2 Application Fee (D)**

Estimated QREs up to \$100,000	\$250
Estimated QREs \$100,000 to \$500,000	\$250
Estimated QREs \$500,001 to \$1 million	\$500
Estimated QREs \$1,000,001 to \$3 million	\$1,000
Estimated QREs \$3,000,001 to \$6 million	\$2,000
Estimated QREs \$6,000,001 to \$15 million	\$3,500
Estimated QREs \$15,000,001 +	\$5,000

## Calculating the Part 3 Application Fee

QREs Prior to January 1, 2023 (A) \$ \_\_\_\_\_ x 20% or (0.25) = (B) \$ \_\_\_\_\_

QREs After January 1, 2023 (C)\$ \_\_\_\_\_ x.25 OR .35(Rural only)=(D)\$ \_\_\_\_\_

Add \$B and \$D together to get the total credit award = \$E

Amount of estimated credit (E) \$ \_\_\_\_\_ x 1.5% or (0.015) = (F) \$ \_\_\_\_\_

This is the total project application fee (capped at \$15,000).

Total project application fee (F) \$ \_\_\_\_\_ minus **Part 2 fee previously submitted = (G)\$ \_\_\_\_\_ This is the Part 3 application fee.**

### Examples

#### Example 1:

Parts 1 and 2 were submitted on September 22, 2022. The estimated QREs were 3.1 Million. A Part 2 fee of \$2000 was paid.

Construction was completed and the building was placed in service on April 30<sup>th</sup> 2023. The Part 3 was submitted June 1, 2023. **The building is not located in a RURAL area and therefore received 25% credit after 1/1/2023.**

The final cost of the rehabilitation was **\$3.6 million**. The total qualified rehabilitation expenditures prior to January 1 2023 were **\$2,400,072**. The total QREs after January 1, 2023 were 1,100,000.00. The non-qualified rehabilitation expenditures were \$100,000.

Total application fee (C): \$11,325

Part 2 application fee (D): \$2,000

Part 3 application fee (E): \$9,325

QREs Prior to January 1, 2023 (A) \$2,400,000 x 20% or (0.20) = (B) \$ 480,000

QREs After January 1, 2023 (C)\$1,100,000 x.25 =(D)\$275,000

Total credit award: \$480, 000 + \$275000= \$755000

Amount of credit (E) \$755,000 x 1.5% or (0.015) = (F) \$ 11,325

This is the total project application fee (capped at \$15,000).

Total project application fee (C) \$ 11,325 minus Part 2 fee previously submitted (D) \$2,000 = (E) \$ 9,325

This is the Part 3 application fee.

#### Example 2:

Parts 1 and 2 were submitted on July 2, 2021. The estimated QREs were 500,000. A Part 2 fee of \$250 was paid.

Construction was completed and the building was placed in service on June 1, 2023. The Part 3 was submitted July 1, 2023. **The building is located in a RURAL area and therefore received 35% credit after 1/1/2023.** The final cost of the rehabilitation was \$775,000. The total qualified rehabilitation expenditures prior to January 1 2023 were \$450,000. The total QREs after January 1, 2023 were \$300,000. The non-qualified rehabilitation expenditures were \$25,000.

Total application fee (C): \$334.92  
Part 2 application fee (D): \$250  
Part 3 application fee (E): \$84.92

QREs Prior to January 1, 2023 (A) \$450,000 x 20% or (0.20) = (B) \$ 90,000

QREs After January 1, 2023 (C) \$300,000 x .35 (Rural only) = (D) \$105,000

Total credit award: \$480,000 + \$275,000 = \$755,000

Amount of credit (E) \$195,000 x 1.5% or (0.015) = (F) \$ 2,925

This is the total project application fee (capped at \$15,000).

Total project application fee (C) \$2,925 minus Part 2 fee previously submitted (D) \$250  
= (E) \$ 2,675

This is the Part 3 application fee.

## **Frequently Asked Questions**

### **1. How are project costs determined?**

Project costs must be provided on both the Part 2 and the Part 3 of the application. The provided costs should be the "Qualified Rehabilitation Expenditures" (QREs) pursuant to section 47 of the Internal Revenue Code (as referenced in R.S. 47:6019). In the unlikely case that the Part 2 and Part 3 application forms are received at the same time, the application fee will be assessed on the qualified rehabilitation costs reported on the Part 3.

### **2. I overestimated my total project costs when I submitted my Part 2. How will my Part 3 fee be calculated?**

If qualified rehabilitation expenditures reported on the Part 3 application are lower than the estimated cost of rehabilitation on the Part 2 application previously submitted, then the Part 3 portion of the application fee will be based on the costs reported on the Part 3. No refund of the Part 2 fee difference, if any, will be made.

### **3. I underestimated my total project costs when I submitted my Part 2. How will my Part 3 fee be calculated?**

If the qualified rehabilitation expenditures reported on the Part 3 application are higher than those reported on the Part 2 application, then the Part 3 portion of the fee will be 100% of the application fee less the Part 2 portion of the fee previously paid.

### **4. How are fees assessed for functionally-related complexes?**

For a project involving multiple buildings that were functionally related historically pursuant to 36 CFR pt. 67, the application fee will be based on the qualified rehabilitation expenditures of the entire project. Examples of this would be: townhouse and service wing; residential building and garage; and, farmhouse, barn, and other outbuildings.

### **5. How are fees assessed for phased projects?**

For a phased project, the application fee will be assessed for each phase based on the QREs of that particular phase. For example, a three-phase project is submitted. Three Part 2 applications are submitted, each describing a unique phase of the project with the corresponding estimated cost of rehabilitation for each phase. Three separate application fees will be submitted to the Division of Historic Preservation, each based on the estimated cost of rehabilitation for each phase. The corresponding Part 3 for each phase will have the application fee assessed on the qualified rehabilitation expenditures for that respective phase.

### **6. My project has changed substantially and a new Part 2 application is required. Will I be required to pay a new Part 2 application fee?**

Yes. Projects requiring the submittal of a new Part 2 application will be assessed a fee according to the table effective September 20, 2014. No refunds or credits toward a new application will be issued for the fees paid prior to the new Part 2 application.