



Tax Incentives

Tax credits and exemptions are available to encourage the reuse of historic properties, while retaining historic character-defining features. The State Tax Credit, Federal Tax Credit and County Tax Exemption programs contribute to the revitalization and preservation of historic properties across the state. The three programs use the Secretary of the Interior's Standards for Rehabilitation of Historic Buildings and the Guidelines for Rehabilitating Historic Buildings. Multiple program use is encouraged.

State Tax Credit

The State Historic Preservation Office of Iowa administers the State Historic Preservation and Cultural and Entertainment District Tax Credit Program (HPCED) in partnership with the Iowa Department of Revenue (IDR).

The program has a multi-part application process which offers a fully refundable and transferable tax benefit for up to 25% of the qualified rehabilitation expenses for the sensitive rehabilitation of historic buildings.

Federal Tax Credit

The State Historic Preservation Office partners with the National Park Service (NPS) and the Internal Revenue Service (IRS) who administers the Federal Historic 20% Rehabilitation Tax Credit. The amount of credit available under this program equals 20% of the qualifying expenses of your rehabilitation

Property Tax Exemption

The State Historic Preservation Office administers the County Historic Property Tax Exemption Program in partnership with County Boards of Supervisors.

The program offers a local property tax incentive for the sensitive "substantial rehabilitation" of historic buildings. It includes a 4-year "freeze" on property tax increases, followed by increases of 25% per year for the following four years to adjusted value post rehabilitation.

Sources: State Historic Preservation Office <https://iowaculture.gov/history/preservation/tax-incentives>

Historic Preservation and Cultural and Entertainment District Tax Credit Program

Retaining the Historical Character of Buildings

This program offers tax credits to property owners and developers who sensitively rehabilitate historic buildings to give them new life.

The state of Iowa offers this tax credit program to ensure character-defining features and spaces of buildings are retained to help create distinct and vibrant communities.

- State income tax credit of up to 25% of the qualified rehabilitation expenditures associated with the project
 - “Qualified rehabilitation expenditures” or “QREs” means the same as defined in Section 47 of the Internal Revenue Code
 - QREs generally include expenditures related to structural components of the building and some soft costs that would normally be charged to a capital account
 - QREs do not include expenditures financed by federal, state or local government grants or forgivable loans unless otherwise allowed under Section 47 of the Internal Revenue Code
- Tax credits are transferable
- Tax credits may be refunded or carried forward for five years or until depleted, whichever is earlier

Eligibility

- Building must be historically significant by meeting at least one of the following criteria:
 - Building is listed on the National Register of Historic Places or determined by the staff at the State Historic Preservation Office to be eligible for listing
 - Building is contributing to the significance of a historic district that is listed on or eligible to be listed on the National Register of Historic Places
 - Building is designated as a local landmark by city or county ordinance
 - Barn constructed before 1937 OR a barn that is listed on or eligible for listing on the National Register of Historic Places
- Project must include substantial rehabilitation, meeting one of the following criteria
 - If building is a commercial building, qualified rehabilitation expenditures must equal at least 50% value of the building (excluding land) before rehabilitation or \$50,000, whichever is less
 - If building is a non-commercial building, qualified rehabilitation expenditure must equal at least 25% of the assessed value of the building (excluding land) before rehabilitation or \$25,000, whichever is less
- Rehabilitation must meet the federal *Secretary of the Interior’s Standards for Rehabilitation*
- Only an eligible taxpayer may apply for the state tax credit
 - An “eligible taxpayer” is defined as the fee simple owner of the property or someone having a long-term lease, which meets the requirements of the federal rehabilitation credit
 - Applicant may be a nonprofit but may not be a governmental body

How to Apply? Visit taxcredit.iowa.gov to apply

Source: <https://www.iowaeconomicdevelopment.com/programDetails?pid=102&ppid=94>