

## *The Historic Rehabilitation Tax Credit*

Federal tax legislation in 1981 and 1986 created a Historic Tax Credit to encourage investment in historic structures. The credit is available for historic buildings listed in the National Register of Historic Places, either individually or as part of a registered historic district. To use the credit, a building must be "income-producing" -- used for industrial, commercial, office, or residential rental purposes; the rehabilitation must be "substantial" -- that is, the rehabilitation must cost at least the adjusted basis of the property or \$5,000, whichever is greater; and the rehabilitation work must be certified as complying with the Secretary of the Interior's Standards for Rehabilitation.





The Historic Tax Credit has been a major investment incentive for nearly two decades and has resulted in the rehabilitation of tens of thousands of historic properties. The several billion dollars invested in these properties have revitalized many neighborhoods, commercial districts, and entire communities.

The Historic Tax Credit is a credit of 20% of the cost of a building's rehabilitation and is taken as a credit against federal income taxes owed by the building's owner. Because a tax credit is a dollar-for-dollar reduction of tax liability, the effect of the Historic Tax Credit is the same as a 20% discount on the cost of rehabilitation. The acquisition cost of a building cannot be counted as part of the amount on which the credit is taken, nor may the cost of additions or enlargements to buildings. When rehabilitation is complete, the depreciable basis of the property must be reduced by the amount of the credit.

To ensure that rehabilitation projects meet the required standards, each project must be "certified" as appropriate to the historic character of the building. There is a two-step application process in which a proposed rehabilitation is reviewed first by the staff of each state's Historic Preservation Office, and then by staff at the National Park Service in Washington, D.C. Applicants are encouraged to apply for certification well in advance of beginning any rehabilitation work.

Because building owners' tax situations can vary, anyone considering the Historic Tax Credit should consult his or her tax adviser before proceeding. Interested building owners should contact the Ohio Historic Preservation Office for information about the certification process and application procedures.



## *The National Register of Historic Places*

The National Register of Historic Places is the official list of historic properties recognized by the federal government as worthy of preservation for their local, state, or national significance in American history, architecture, archaeology, engineering, or culture. Overseen by the National Park Service of the U. S. Department of the Interior, the program is part of a national policy to coordinate and support public and private efforts to identify, evaluate and protect our cultural and natural resources. The National Register is maintained by the Secretary of the Interior under provisions of the National Historic Preservation Act of 1966.





## *Criteria for Evaluation*

The quality of significance in American history, architecture, archaeology, and culture is present in districts, sites, buildings, structures, and objects that possess integrity of location, design, setting, materials, workmanship, feeling and association, and:

- that are associated with events that have made a significant contribution to the broad patterns of our history; or
- that are associated with the lives of persons significant in our past; or
- that embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- that have yielded or are likely to yield information important to history or prehistory.

Ordinarily cemeteries, birthplaces or graves of historical figures, properties