

# Colorado's Historic Preservation Tax Credits

## WHAT IS A HISTORIC PRESERVATION TAX CREDIT?

A tax credit is a dollar-for-dollar reduction in the amount of tax owed to the government.

Tax credits to preservation projects create jobs and provide financial incentives to revitalize historic buildings. The federal government also offers a tax credit of 20 percent, which can be paired with the Colorado state tax credit. Federal and state tax laws offer tax credits for historic preservation projects that follow the Secretary of the Interior's Standards for Rehabilitation of Historic Properties.

Preservation tax credits for commercial properties are managed jointly by the Office of Economic Development and International Trade (OEDIT) and History Colorado.

## WHAT TYPE OF PROPERTY IS ELIGIBLE?

	Property must be:
Residential Properties	<ul style="list-style-type: none"> <li>» At least 50 years old</li> <li>» Locally landmarked or listed on the State Register</li> </ul>
Commercial Properties	<ul style="list-style-type: none"> <li>» At least 50 years old</li> <li>» Locally landmarked or listed on the State Register</li> <li>» Income-producing</li> </ul>

 **HISTORY** *Colorado*  
PRESERVATION PROGRAMS

  **COLORADO**  
Office of Economic Development & International Trade

## HOW CAN THE TAX CREDIT HELP?

- » Colorado's state historic preservation tax credits for commercial properties are transferable: you can sell them upon completion of your project.
- » Selling credits can bring in additional funds for your commercial project, for a cash match for a grant, or for a loan.
- » Using preservation tax credits gives you access to additional federal and state funding pools, grant programs, and further tax credits.
- » For Residential Properties, Historic preservation tax credits lower your tax bill, which can increase your tax refund.

## HOW DO I RESERVE A COMMERCIAL TAX CREDIT?

1.  Register with the Colorado Office of Economic Development and International Trade on their tax credit website.
2.  Submit a Tax Credit Application (TCA) and rehab plan. Use OEDIT's project checklist to make sure you've turned in all requested materials, such as photographs and drawings.
3.  History Colorado and OEDIT will conduct a preliminary review of project materials and respond to your request.
4.  If the project materials you submit meet the requirements, OEDIT will reserve a preliminary tax credit on your behalf, pending available funding.
5.  History Colorado will conduct a detailed review and ensure your project follows the Standards for Rehabilitation. Upon History Colorado's approval of project, OEDIT will officially reserve the tax credits for the applicant (90 days).
6.  You will claim your tax credit upon completion of your project and approved proof of rehabilitation.



Want to learn more?

Commercial: <https://choosecolorado.com/doing-business/incentives-financing/the-commercial-historic-preservation-tax-credit/>  
Residential: <https://www.historycolorado.org/preservation-tax-credits>

## WHEN TO APPLY?

Applications for the **residential and commercial** state preservation tax credit are accepted year-round on a rolling basis. Each **commercial** building is limited to \$1 million in credit in any one calendar year. Owners may apply for credits on multiple properties.

**Residential applicants** are encouraged to apply before starting work or in the early stages of the rehabilitation project. Note: Each residential building is limited to \$50,000 in credits over a ten-year period unless the building is sold to a new owner.

## HOW DO I CLAIM A RESIDENTIAL TAX CREDIT?

1.  Submit Part 1 of the tax credit application to History Colorado or your Certified Local Government (CLG).\*\*
2.  History Colorado or your CLG will conduct a preliminary review of project materials and respond to your request.
3.  If your submitted Part 1 meets the requirements, History Colorado or your CLG will approve the proposed work.
4.  Submit Part 2 of the tax credit application.
5.  History Colorado or your CLG will conduct a detailed review and ensure your project follows the Standards for Rehabilitation.
6.  If your submitted Part 2 meets the requirements, History Colorado or your CLG will approve the work and you will receive your tax credit.

\*\*For a list of CLGs, contact the History Colorado Office of Archaeology and Historic Preservation.

All applications are reserved on a first-come, first-served basis.

**COMMERCIAL CREDIT****RESIDENTIAL CREDIT**

	<b>COMMERCIAL CREDIT</b>	<b>RESIDENTIAL CREDIT</b>
<b>ELIGIBLE PROPERTIES</b>	More than 50 years old <b>and</b> Listed on State Register of Historic Properties or landmarked by a Certified Local Government (CLG)	More than 50 years old <b>and</b> Listed on State Register of Historic Properties or landmarked by a Certified Local Government (CLG)
<b>ELIGIBLE APPLICANTS</b>	Property owner <b>or</b> , Tenant of at least <b>39 years, or 5 years in rural areas.</b> Holders and those with property under contract.	Property owner <b>or</b> , Tenant of at least <b>5 years.</b>
<b>ELIGIBLE PROJECTS</b>	<b>Costs must exceed \$20,000.</b> Project must meet the Secretary of the Interior's Standards.	<b>Costs must exceed \$5,000.</b> Project must meet the Secretary of the Interior's Standards.
<b>TIME LIMITS</b>	1) Applicant must start work within 12 months of allocation, and; 2) Applicant must be at least 20% finished within 18 months of allocation. Part 2 Application must be submitted within 90 days of project completion.	<b>No time limit.</b> Part 2 Applications must be submitted within <b>120 days</b> of project completion.
<b>COMPLETED WORK</b>	Can be claimed if completed <b>within 90 days</b> of project completion.	Can be claimed if completed <b>within past 24 months</b> and documented if and only if Part 2 submission requirement is met.
<b>EXTENT OF TAX SAVINGS</b>	<b>25%</b> of Qualified Rehabilitation Expenditures (QREs) for projects \$2 million or less; <b>20%</b> of Qualified Rehabilitation Expenditures (QREs) for projects more than \$2 million	<b>20%</b> of Qualified Rehabilitation Expenditures (QREs).
<b>DISASTER RELIEF</b>	Additional <b>5% credit</b> for properties located in areas that have been designated as disaster areas within past 6 years.	Additional <b>5% credit</b> for properties located in areas that have been designated as disaster areas within past 6 years.
<b>RURAL BONUS</b>	Additional <b>10% credit</b> for properties in rural areas.	Tax credit for residential properties in rural areas goes <b>up to 35%</b> (from 20%).
<b>PROJECT CAP</b>	The maximum amount of tax credit available to any commercial <b>property is \$1 million per year.</b>	<b>\$50,000</b> per property, but resets upon new ownership or after 10 years
<b>CREDIT LENGTH</b>	Can be used for up to 10 years.	Can be used for up to 10 years.
<b>TRANSFERABILITY</b>	Owners, including nonprofit organizations, may <b>use, transfer or sell</b> <b>credits</b> to other taxpayers; these other taxpayers may in turn transfer credits to additional taxpayers, using the OEDIT website.	None; credits stay with owner.