

Tax Credit Summary for Designated Downtowns

| | Federal 20% | State % 10 | State 25% | State 50% for Elevators, lifts, & Sprinklers |
|---|---|---|---|---|
| Building must be: | Listed individually in the National Register; OR considered eligible for listing; OR a contributing building in a historic district listed in the National Register | Building must meet the eligibility requirements of the 20% federal program and be located within a Designated Downtown District. | Building must be built prior to 1983 and be located within a Designated Downtown District | No age requirement, building must be located in within a Designated Downtown District |
| Eligible buildings: | Income-producing properties, including commercial, industrial, agricultural, or rental residential | Income-producing properties located within Designed Downtown Districts | Income-producing properties located within Designed Downtown Districts | Income-producing properties located within Designed Downtown Districts |
| Minimum costs of rehabilitation: | More than \$5,000 OR the adjusted basis of the property, whichever is greater | More than \$5,000 OR the adjusted basis of the property, whichever is greater | More than \$5000 AND owner must certify the investment is less than the adjusted basis of the property. | None, but applicant can only make one application per building \$10,000 “deductible” for certain eligible businesses |
| Maximum credit: | Unlimited | \$400,000 Total state awards capped at \$1M per fiscal year. Credit can be used in combination with the 50% credit. | \$25,000. Credit can also be issued in the form of a Mortgage Credit Certificate (MCC). Credit can be used in combination with the 50% credit. Total state awards capped at \$1M per fiscal year | \$25,000 each for sprinkler and elevator, \$12,000 for a lift. Credit can also be issued in the form of a Mortgage Credit Certificate (MCC). Credit can be used in combination with the federal 20%. This credit can be used with the state 10% OR 25% credit. Not both. Total state awards capped at \$1M per fiscal year |
| Time limit: | 24 months; if in phases, 60 months total | 24 months | 24 months | Applicant must make application within one year of starting work. Expenditures made before May 15, 2002 are not eligible. |
| Credits can be carried forward: | 20 years (also back one year) | 14 years | 9 years | 14 years |
| Rehab requirements: | Must follow the <u>Secretary of the Interior's Standards for Rehabilitation</u> | Must follow the <u>Secretary of the Interior's Standards for Rehabilitation</u> Applicant cannot “double dip” | Application must be approved before work begins Must meet local review standards (planning commission, design review board, development review board, etc) Application submitted by municipality on behalf of applicant. Applicant cannot “double dip” | Follow the <u>Secretary of the Interior's Standards for Rehabilitation</u> and applicant must apply for all credits at one time Applicant cannot “double dip” |
| Fees: | \$250 for Part 2; \$500-2,500 for Part 3 (depending on rehabilitation costs) | None | None | None |
| Reviewed by: | Division for Historic Preservation and National Park Service | Downtown Development Board | Department of Public Safety, Local Review Body, Downtown Development Board | Department of Public Safety, Downtown Development Board |
| Credits claimed: | The year in which the building is placed in service; for phased projects & buildings open during work (not taken out of service), the year substantial rehabilitation test is met | The year work is completed; official verification (Copy of approved Part 2 and Credit Award Letter) is needed | The year work is completed | The year work is completed |
| Process: | Part 1 determination of eligibility (if needed) by DHP and NPS | Application reviewed by Division for Historic Preservation | Application reviewed by Division for Historic Preservation | Application reviewed by Division for Historic Preservation |
| | Part 2 reviewed; Part 3 reviewed; Project certified | Credit allocated by Downtown Board | Credit allocated by Downtown Board | Credit allocated by Downtown Board |
| | File IRS Form 3468 | File State of VT Tax Form with Tax Credit Allocation Letter attached | File State of VT Tax Form with Tax Credit Allocation Letter attached | File State of VT Tax Form with Tax Credit Allocation Letter attached |

Visit www.HistoricVermont.org for additional details and tax credit application materials
Still have questions? Call Chris Cochran 802.828.3047 or e-mail Chris.Cochran@state.vt.us.