



## Vermont Downtown Program

# OWNER LESSOR BENEFITS OF DOWNTOWN DESIGNATION

## KEY BENEFITS FOR PROPERTY OWNERS AND LESSEES

### **10% Tax Credit for Substantial Rehabilitation of Certified Historic Buildings:**

A state income tax credit of 10% for the costs of substantially rehabilitating a certified historic building is available as an “add-on” credit for projects that qualify for the 20% Federal Rehabilitation Investment Tax Credit (RITC). Projects qualifying for the 10% credit will thus receive a net 30% credit. The federal RITC is available to owners and lessees for project costs that meet or exceed the adjusted basis of an income-producing building that is on or becomes listed on the National Register of Historic Places. The credits are for all costs involved in rehabilitating a building, including exterior and interior improvements, code compliance, plumbing, and electrical upgrades. An applicant may request the tax credit allocation in the form of a Bank Credit Certificate which a bank may accept in return for cash, or for adjusting the rate or term of the applicant’s loan on the building. Maximum award is \$50,000. *Contact the Division for Historic Preservation, 802-828-3047.*

### **25% Tax Credit for Façade Improvements:**

A state income tax credit of 25% is available for owners or lessees of buildings built prior to 1983 that undertake projects to rehabilitate a building façade or storefront that contributes to the integrity of the designated downtown, but does not qualify for the 20% Federal RITC and 10% State “add-on” credit (above). An applicant may request the credit allocation in the form of a bank credit certificate. Minimum expenditure is \$5,000, and the credit maximum is \$25,000. *Contact: Division for Historic Preservation, 802-828-3047.*

### **50% Tax Credit for Code Improvements:**

A 50% state income tax credit is available to property owners and lessees for the costs of bringing a building into compliance with state building codes, to abate hazardous materials, or to redevelop a contaminated property. It includes a maximum award of \$12,000 for a platform lift, \$50,000 for sprinkler systems, \$50,000 for elevators, and \$25,000 for the combined

costs of all other qualified code improvements, as well as costs for hazardous material abatement and contaminated sites redevelopment. This credit may be used in conjunction with the other two credits, as long as the applicant does not request credits more than once on an eligible expenditure (i.e., no double dipping). An applicant may request the credit allocation in the form of a bank credit certificate. *Contact: Division for Historic Preservation, 802-828-3047.*

### **Sprinkler System Rebate:**

A rebate of up to \$2,000 of the construction permit fees paid to the Department of Public Safety when installing a complete automatic fire sprinkler system, if the project receives a tax credit listed above. *Contact the Department of Public Safety at 802-828-2106.*

### **Act 250:**

The Act 250 threshold for reviewing “mixed income housing” and “mixed use” projects is eased from the current limit of 10 housing units. In a designated downtown, the new threshold is on a sliding scale that ranges from 20 units in a community with a population under 5,000, to 100 units in a community with a population over 20,000. *Contact: VT Natural Resources Board, 802-828-3309.*

### **Reallocation of Sales Tax on Construction Materials:**

A municipality may receive a reallocation of sales taxes paid on construction materials used on qualified projects in the designated downtown, to be used in support of the qualified project. This benefit cannot be used in projects using either the 10% or 25% state building rehab tax credits (listed above).

*Contact: Vermont Downtown Program, 802-828-3211.*

For further information on state and federal tax credits for building rehabilitation contact:

Chris Cochran, 802-828-3047, [chris.cochran@state.vt.us](mailto:chris.cochran@state.vt.us)  
or [www.HistoricVermont.org](http://www.HistoricVermont.org)

