

# Historic Tax Credit - Quick Reference Guide-2013

Developed by BrainWave Consulting

## Ohio and Federal Historic Preservation Tax Credits Comparison

Issues	Ohio Historic Preservation Tax Credit	Federal Historic Tax Credit
Are these Tax Credits or Tax Deductions?	Tax Credits	Tax Credits
What are the Amounts of the Historic Preservation Tax Credits? (HTC)	The State of Ohio offers a <b>up to 25% Credit</b> on all Qualified Restoration Expenses (QRE) for eligible, and approved Historic Tax Credit Projects.	The Federal Historic Credit offers a <b>credit of up to 20% QREs</b> . The Federal and Ohio Credits in combined application can be <b>up to 45% of Qualified Restoration Expenses, (QREs)</b> .
Is this one application, or two applications?	The State of Ohio has streamlined the application process, so that one application process can be used for one, or both credits.	The Federal program is administered in Ohio by the same folks running the Ohio Historic Preservation Tax Credit Program.
What costs are considered Qualified Restoration Expenses (QRE)	Architectural Fees, Historic Tax credit Application and Fees, Permits, Engineering Fees, Certain Taxes (during Certified Rehab), Some Insurance, Construction interest, Project Management, Roof, Gutters, Debris removal, Security, Exterior painting and tuck pointing, Electrical upgrades, Plumbing upgrades, HVAC Services (including Geo-Thermal external components), Lead-Hazardous materials abatement, Window and door repairs/replacement, Interior surface finishes, Built-in structural element repairs, ADA accessibility interior elements, Interior elevators (conditionally), Fire suppression, Interior signage, Exterior attached lighting. Both state and federal credits use the same QRE definition.	Architectural Fees, Historic Tax credit Application and Application Preparation Fees, Permits, Engineering Fees, Certain Taxes (during Certified Rehab), Some Insurance, Construction interest, Project Management, Roof, Gutters, Debris removal, Security, Exterior painting and tuck pointing, Electrical upgrades, Plumbing upgrades, HVAC Services (including Geo-Thermal external components), Lead-Hazardous materials abatement, Window and door repairs/replacement, Interior surface finishes, Built-in structural element repairs, ADA accessibility interior elements, Interior elevators (conditionally), Fire suppression, Interior signage, Exterior attached lighting.
What buildings are eligible for HTCs?	Buildings on the National Historic Register (NR), or buildings in a CLG designated Local Historic District which are determined eligible for the NR, and which have started the National Register application process.	Buildings on the National Register, or buildings determined eligible for the National Historic Register, or that have started the NR application process. (NR listing must be completed by HTC project finish)
Can I claim a HTC on my taxes without going through the application process?	No	No
Can I claim HTC expenses prior to the start of the application process?	No	No
Is the issuance of Credits dependant of competition for the Credits	Yes. The Ohio Legislature allocates issuance of finite HTCs each year.	No
Are there limits to the amount of Credits Issued?	Yes, depending on size and scope of each project.	No
Are HTC applications taken at any time?	The State of Ohio (in 2013) takes OHIO applications twice a year. Joint Ohio and Federal applications are also take twice a year in the same time windows. (subject to Ohio Legislative approval)	The Federal Application alone is taken at any time during the year. The State of Ohio processes these applications as submitted.

What are the "Restoration" or "Rehabilitation" Standards	The US Secretary of the Interior's rehabilitation standards, as published and administered by the National Park Service (NPS)	The US Secretary of the Interior's rehabilitation standards, as published and administered by the National Park Service (NPS)
Is there a difference between "Restoration" and "Rehabilitation"?	YES! An NPS "Restoration" is the return of a structure to a particular time and condition. "Rehabilitation" is the adaptive reuse of a structure to conform to modern needs. (i.e.- Mount Vernon was "restored", old factories are "rehabbed" into housing lofts)	The NPS identifies four "treatments" of HTC Projects. "Rehabilitation", "Restoration", "Preservation" (of existing condition site) and "Recreation" (of a well documented lost structure, like the Governors mansion in Williamsburg VA)
Does a Historic "Rehabilitation" require a complete upgrade to building code compliance?	No. The Ohio Building Code requires an existing historic building to become "safer" than prior to rehabilitation, but complete code compliance is not required (building code chapter 3409)	No. The Ohio Building Code requires an existing historic building to become "safer" than prior to rehabilitation, but complete code compliance is not required (building code chapter 3409)
To which taxes do these credits apply?	Certain Ohio state tax obligations, for either individuals or corporations. Consult your tax attorney for current applicable standards.	Federal Income tax obligations, for either individuals or corporations. Consult your tax attorney for current applicable standards and limitations.
Is the credit refundable or can it be carried forward?	In the tax year of the credit redemption, any unused credit generates a refund from the State of Ohio.	Any credit in excess of the current year tax obligation can be carried forward for use in future years. Consult your tax attorney to evaluate your individual or corporate opportunity.
Does the redemption of the credit depend upon the tax obligation or status of the applicant?	No.	Possibly. Some Federal tax situations (alternative minimum tax among others) could impact redemptions in any calendar year.
Are HTCs transferable	Possible in some situations	No
Can credits be "passed through" to owners, or stock holders, or partners?	Yes.	Yes.
Can credit be passed through to a Lease Holder in a project?	No.	Yes, within IRS Guidelines.
Is HTC allocation governed by any regulations?	There is a State accepted process for this.	This is currently subject to review, with a IRS ruling due out in Q3 2013 clarifying the confusion in the aftermath of the "Boardwalk" Decision
What are the Documents which must be Approved to generate the HTC?	National Park Service Form Parts 1, 2, 3. Ohio Historic Preservation Application form, Completed Application Documents from Ohio State Historic Preservation Tax Credit Form (latest version). HABS documentation materials.	National Park Service Form Parts 1, 2, 3. HABS documentation materials.
Can the Tax credit be revoked after it is Approved?	No, unless the project doesn't complete as originally scheduled	Not while the applicant continues owns the building.
Can the Tax credit be revoked after it is issued?	Only if the applicant has not in fact expended the QRE amounts indicated in the application	Yes, if the applicant has either not expended the QREs indicated, or disposed or demolishes the property before five years elapse after the project-building enters service
Can Governments and Non-Profits utilize the Tax Credit?	Yes	Yes, as participants within a for-profit LLC, in which investors with a real stake, and defined obligations and assignments participate

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**The above information** is believed current by Brainwave Consulting as of August 2013. All information concerning Tax Credit rules are subject to change by state and federal agencies at any time. Applicability of this information regarding tax eligibility needs to be confirmed by the appropriate tax consultant. Information above is for reference only, and is accumulated for educational purposes.

**Informational Resources:****Brainwave Consulting:**

<http://historicaltaxcredits.com/index.php>

**National Park Service:** [www.nps.gov/history](http://www.nps.gov/history)

**Ohio History:** [www.ohiohistory.org/](http://www.ohiohistory.org/)

**State Preservation Office:**

<http://www.ohiohistory.org/ohio-historic-preservation-office>

**Ohio Development Agency: Historic Preservation Program:**

[http://development.ohio.gov/cs/cs\\_ohptc.htm](http://development.ohio.gov/cs/cs_ohptc.htm)

**Novogradac News: Tax Credit Accountants,**

<http://www.novoco.com/historic/index.php>