

North Carolina State Historic Preservation Office

Department of Cultural Resources
Office of Archives and History



Income-Producing Historic Preservation Tax Credits

North Carolina's State Historic Rehabilitation Tax Credit Program provides jobs, bolsters the tax base, and revitalizes existing buildings and infrastructure, while preserving the state's priceless historic character. This program administered by our office, the State Historic Preservation Office, in conjunction with the National Park Service, encourages the conservation of North Carolina's historic resources.

The income-producing tax credit offers owners of historic buildings: a federal tax credit of 20% and a state tax credit of 20% for qualifying rehabilitations of income-producing historic structures.



Before

Income-Producing Tax Credit Example

\$1,000,000 Rehabilitation Expenses

20% Federal Tax Credit
x 20% State Tax Credit

\$400,000 Tax Credit Amount



After

Eligibility

- Buildings listed in the **National Register of Historic Places** are candidates, either individually or as a contributing building in a National Register historic district. Contributing buildings within one of the state's three certified local historic districts in Raleigh, Goldsboro, or Madison, are also candidates.
- The rehabilitation of the historic structure must be substantial. For income-producing properties, the rehabilitation expenses must exceed the greater of the "adjusted basis" of the building or \$5,000 within a 24-month period or a 60-month period for phased projects.
- All rehabilitation work must meet **The Secretary of the Interior's Standards for Rehabilitation**. Applications are subject to a joint review by the State Historic Preservation Office and the National Park Service, with final authority resting with the National Park Service.

The Secretary of the Interior's Standards for Rehabilitation were developed to determine the appropriateness of proposed project work on National Register listed properties and have been widely used since 1976. The intent of the Standards is to promote the long-term preservation of a property's significance through the preservation of historic materials and features on the exterior and interior of buildings. They also encompass related landscape features and the building's site and environment, as well as attached, adjacent, or related new construction.

Application Process

Property owners are strongly advised to consult with our office before beginning a rehabilitation to resolve potential design and rehabilitation problems that could result in the denial of the credits.

The federal and state tax credit application process is three steps, submitted by the owner to our office. Our office provides technical assistance on appropriate rehabilitation treatments, application advice, and potential site visits. Then our office forwards the application to the NPS with a recommendation. NPS reviews the rehabilitation project for conformance with the Standards and issues a certification decision.

Part 1 – Evaluation of Significance

Provides documentation that the building contributes to a National Register Historic District
No documentation is needed for properties individually listed on the National Register.

Part 2 (Federal) and Part A (State) – Description of Rehabilitation

Consists of detailed descriptions of existing conditions and the proposed work, overall before rehabilitation photos, and plans or drawings, as needed, to fully describe the scope of the rehabilitation project.

Part 3 (Federal) and Part B (State) – Request for Certification of Completed Work

Consists of after photos documenting the rehabilitated property

Claiming the Credit

- The credits cannot be claimed against the cost of acquisition, new additions (volume increase), site work, or personal property. Generally, costs incurred for rehabilitating the existing structure will qualify as rehabilitation expenses.
- The federal tax credits can be claimed in the year the building is placed in service. Any unused credits may be carried back one year and carried forward 20 years.
- The state tax credits must be claimed in five equal annual installments, beginning with the taxable year the project is completed. Any unused credits from one year may be carried forward the next five years.

Taxpayers should consult a tax advisor, NC Department of Revenue, or the Internal Revenue Service for help in determining tax and other financial implications.

A property is listed in the **National Register of Historic Places** by a nomination prepared according to detailed state and federal guidelines. Although all nominations are reviewed by the State Historic Preservation Office, the final authority on National Register listing is the Keeper of the National Register in Washington, D.C. Most nominations are prepared by private consultants hired by property owners, local governments, or private non-profit organizations. The nomination process typically takes a minimum of six months, and may take much longer. For information about the National Register of Historic Places and the requirements and procedures for listing contact our office.

For application materials contact:

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For further information contact:

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Restoration Services Branch
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