

## Comparison of Delaware Historic Preservation Tax Credit and Federal Historic Rehabilitation Tax Credit Programs

	<b>State Credit</b>	<b>Federal Credit</b>
<b>Benefit for Taxpayer</b>	Credit against state tax liability = reduction in state income or franchise tax liability	Credit against Federal tax liability = reduction in federal income tax
<b>Transferable?</b>	Yes, in whole or in part, to any Delaware income taxpayer, or to a bank as a mortgage credit or a credit against franchise tax liability	No. Must own at least a partial interest in property and must hold property for 5 years or credit will be re-captured
<b>When Can Credit Be Claimed?</b>	One year after receiving Certification of Rehabilitation, if Owner has obtained Certificate of Completion	During year placed in service
<b>Percentage of Credit</b>	20% of qualified costs for depreciable, 30% qualified costs for non-depreciable	20% of qualified costs for depreciable properties
<b>Low Income Provisions</b>	Credits are increased by 10% for properties or parts of properties which qualify to apply for state low income housing credits, or if the owner personally meets certain low income criteria	Low income tax credit is available using a separate application process through State Housing Authority
<b>What Expenditures Qualify for Credit?</b>	Rehab costs on historic building plus costs related to additions if their square footage does not exceed 20% of the historic bldg. and site work if its cost does not exceed 10% of all qualified costs plus architectural & engineering costs, site survey fees, legal fees, development fees & other construction-related costs	Rehab costs on historic building, architectural & engineering costs, site survey fees, legal fees, development fees & other construction-related costs
<b>What expenditures do not Qualify for Credit?</b>	Acquisition, costs of additions which exceed above criteria, landscaping costs which exceed above criteria, & personal property including furnishings, window treatments, and appliances	Acquisition, additions, new construction, parking lot, sidewalks, landscaping & personal property including furnishings, window treatments and appliances as well as other exclusions specified in the IRS regulations
<b>Minimum Expenditures to Qualify for Program?</b>	For non-profit and owner-occupied properties – minimum of \$5,000 in expenditures. For depreciable properties – exceed adjusted basis but minimally \$5,000. Phasing of projects is allowed.	Exceed adjusted basis but minimally \$5,000 within a 24-month period during the rehab (or 60 months if rehabilitation is phased)
<b>How much Money for Program?</b>	Program capped at \$8 million in tax credits per year; certain other rules affect when tax credits may be assigned.	No cap
<b>Term of Program</b>	Began in 2001; authorized through FY 2024	Began in 1976; amended by various tax laws
<b>Properties Which Qualify?</b>	NR listed individually or as contributing to a NR district; or a locally designated landmark or contributing to a locally designated district (if locally designated, local government must prepare documentation and then SHPO must certify it is NR eligible)	NR listed, or eligible (have to be listed within 30 months); or contributing to a locally designated district (if locally designated Secretary of the Interior must certify district as NR eligible).
<b>Building Use after Rehab?</b>	Depreciable and Non-depreciable including non-profit ownership and owner-occupied residences, any use	Depreciable - commercial, industrial, agricultural, or rental residential

	State Credit	Federal Credit
<b>Rehabilitation Application Process</b>	4 part application: Part 1 - Certification of Historic Property, Part 2 - Certification of Rehabilitation, Part 3 - Request for Certificate of Completion, and Request for Credit Award	3 part application: Part 1 - Evaluation of Significance, Part 2 - Description of Rehabilitation, and Part 3 - Certification of Completed Work. (Those properties individually listed on NR need not submit Part 1)
<b>Review Standards</b>	Secretary of the Interior's Standards for Rehabilitation	Secretary of the Interior's Standards for Rehabilitation
<b>Review Fee</b>	The fee for applicants of owner-occupied properties and resident curators is a one-time \$100 fee due with the submission of the Request for Certification of Historic Property application. The fee for all other applicants is as follows: \$250 due with the submission of the Request for Certification of Historic Property application; 1.5% of the credit reservation requested in the Part 2 Certification of Rehabilitation; and 1.5% of the credit reservation or credit award (whichever is more) in the Part 3 Certification of Completion. The fee will be calculated by the Delaware State Historic Preservation Office based on the qualified expenditures indicated in the Part 2 Certification of Rehabilitation and its associated documentation. If the applicant requests an increase the amount of tax credits to be awarded to a project, this will result in a supplemental fee. All fees are non-refundable.	No fee for projects under \$80,000; projects between \$80,000 - \$3.85 million, \$845 + 0.15% of qualified costs over \$80,000; projects of \$3.85 million and over, fee of \$6,500. All fees paid through <a href="http://www.pay.gov">www.pay.gov</a> .



For further information on these programs: <http://history.delaware.gov/preservation/taxcredit.shtml> or <http://www.nps.gov/tps/tax-incentives.htm>  
 Also contact: Tax Incentive Program Manager, Division of Historical and Cultural Affairs, (302-736-7400).

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