

What is the Utah Historic Preservation Tax Credit?

A 20 percent non-refundable state income tax credit for the rehabilitation of historic buildings that are used as owner-occupied residences or residential rentals. Twenty percent of all qualified rehabilitation costs may be deducted from taxes owed on your Utah income or corporate franchise tax.

Example: \$22,000 in qualified rehabilitation costs = \$4,400 state income tax credit

Does my building qualify?

Buildings listed in the National Register of Historic Places, which, after rehabilitation, are used as a residence(s) qualify. The credit is not available for any property used for commercial purposes including hotels or bed-and-breakfasts. (If the historic B&B is also owner-occupied, this portion of the rehabilitation may qualify.) The building does not need to be listed in the National Register at the beginning of the project, but a complete National Register nomination must be submitted when the project is finished. The property must be listed in the National Register within three years of the approval of the completed project. Staff of the Historic Preservation Office can evaluate the eligibility of your building and provide instructions on nomination requirements.

What rehabilitation work qualifies?

The work may include interior and/or exterior repair, rehabilitation or restoration, including historic, decorative, and structural elements as well as mechanical systems. All of the proposed, on-going or completed work must meet the *Secretary of the Interior's Standards for Rehabilitation (Standards)* and be approved by the State Historic Preservation Office (SHPO). Depending on the historic conditions and the specifics of the proposed rehab work, some examples of eligible work items include:



before

after

- repairing/upgrading windows
- repointing masonry
- repairing or replacing roofs
- new floor and wall coverings
- painting walls, trim, etc.
- refinishing floors, handrails, etc.
- electrical updates
- new furnace, A/C, boiler, etc.
- architectural, engineering, and permit fees
- plumbing repairs and fixtures
- reconstructing historic porches
- reversing incompatible remodels
- compatible new kitchens & baths

What work does not qualify?

- purchase price of building
- new additions
- work on outbuildings
- purchase and installation of moveable furnishings or equipment (window coverings, refrigerators, etc.)
- site work (landscaping, sidewalks fences, driveways, etc.)

All of the work must meet the *Standards* or the tax credit cannot be taken on any portion of the work. A complete application should be submitted to the SHPO as early as possible. The state law requires application and approval by the SHPO prior to completion of the project.

Photographs showing all areas of work (interior and exterior) prior to the beginning of the rehabilitation and any construction drawings or other technical information necessary to completely understand the proposed project are also required as part of the application.

It is strongly recommended that the application be submitted before starting work to ensure that it meets the *Standards*. Any work begun without prior SHPO approval is done at the owner's own risk. Once work is underway, changes to bring the project into conformance with the *Standards* can be difficult, expensive, or occasionally impossible to make.

How much money must I spend to qualify?

Total rehabilitation expenditures must exceed \$10,000. (The tax credit applies equally to this first \$10,000.) The purchase price of the building and any donated labor cannot be included. The project must be completed within 36 months. (There is no limit to subsequent \$10,000+ projects; separate applications are required.)

When can I claim the credit?

The credit may be taken for the tax year in which the project was completed and the SHPO approves the rehabilitation work (and a National Register nomination, if needed). A unique certification number will be issued to the owner at that time. Credit amounts greater than the amount of tax due in that year may be carried forward up to five years.

Are there any restrictions placed on my building?

All work done to the building during the rehabilitation project, and for three years following the certification of the project, must meet the Secretary of the Interior's *Standards for Rehabilitation*. Please consult with the State Historic Preservation Office if you have any questions.

What if I already have approval from my local Landmarks Commission?

The local review process will be helpful to tax credit application process but state law requires application to the State Historic Preservation Office. Local preservation commissions sometimes have different requirements and other considerations than the Secretary of the Interior's *Standards for Rehabilitation*. To qualify for the state tax credit, all of the work must meet the *Standards* and receive state approval.

How do I claim the tax credit?

After the work is completed and certified, the SHPO will provide you with a TC-40H tax form. Do not submit this form with your tax return; keep it and all related documents with your tax records. If you carryforward any excess tax credit, you must attach a copy of the original TC-40H form, with the new carryforward amount, to your subsequent tax return(s). Carryforward amounts must be applied against tax due before the application of any historic preservation tax credits earned in the current year and on a first-earned, first-used basis. Please consult with the State Tax Commission (801/297-2200) if you have any questions. Original records supporting the credit claimed must be maintained for three years following the date the return was filed claiming the credit.

For more information or a state tax credit application contact:

Amber Anderson (amberanderson@utah.gov or 801/245-7277)
Utah State Historic Preservation Office
Utah Division of State History
300 S. Rio Grande Street
Salt Lake City, Utah 84101-1182

Additional local preservation requirements may also apply.
Contact your city or county government for more information:

Salt Lake City Landmark Commission 801/535-6189 or
www.slcgov.com/ced/hlc
Park City Planning Department 435/615-5060
Ogden Planning Department 801/629-8930

For a list of preservation contractors see Preservation Utah's Directory:
<https://preservationutah.org/resources/tools-for-property-owners/ut-preservation-directory>



For tax-related questions contact:
Utah State Tax Commission
Technical Research Unit at 801/297-2200