

STATE REHABILITATION TAX CREDIT

A state law passed in 2009 allows Arkansans to claim a portion of their investment in historic properties as a credit on their state income taxes. This new program, administered by the Arkansas Historic Preservation Program (AHPP), will encourage the rehabilitation of historic properties and will foster revitalization efforts in Arkansas's historic downtowns and neighborhoods.

What structures are eligible?

Properties that are listed on the National Register of Historic Places or are listed as "contributing" within a historic district on the National Register. Properties that will be eligible for listing following rehabilitation will also be considered.

Any individual or firm who pays personal or corporate income tax in Arkansas. Persons or firms without sufficient tax liability to take advantage of the credits they earn are allowed to sell their credits to another taxpayer.

What kind of work is eligible?

The AHPP uses the US Secretary of the Interior's Standards for Rehabilitation to determine what kinds of work are appropriate for historic buildings and eligible for the tax credits. These ten broad, common-sense principles of preservation guide property owners around the country in projects that accommodate new uses and revitalization while retaining the overall historic character of their buildings. For more information on the Standards, contact the AHPP or visit [//www.nps.gov/history/hps/tps/standards/rehabilitation.htm](http://www.nps.gov/history/hps/tps/standards/rehabilitation.htm)

How much are the tax credits worth?

Twenty-five percent (25%) of the approved rehabilitation expenses on a historic building may be claimed as a tax credit. Owners of income-producing properties (commercial, office, rental residential, etc.) may claim up to \$125,000 per project. Property owners may claim up to \$25,000 per project for work on their private residences. In either case, an owner must invest a minimum of \$25,000 to claim any credits.

Which projects will be awarded credits?

State law allows the AHPP to award up to \$4 million in tax credits per year. In addition to meeting all the requirements described above, projects should address one of the program's community / economic development goals listed below. In order of priority, projects receiving tax credits must contribute to the: 1. Creation of a new business 2. Expansion of an existing business 3. Establishment of a tourist attraction 4. Revitalization of a business district 5. Revitalization of a neighborhood.

Can my project also take advantage of the federal historic rehabilitation tax credit?

The federal government has its own tax credit program for historic rehabilitation, with its own rules. It is similar to Arkansas's tax credit in some ways, but different in others. (For example, the federal tax credit is only available for work on income-producing properties.) However, projects that meet the requirements of both programs should be able to take advantage of both federal and state tax credits. Talk to a tax professional before pursuing any tax credits.

Where can I learn more about the Arkansas historic rehabilitation tax credit?

It is strongly recommended that any interested property owners contact the Arkansas Historic Preservation Program for application materials before beginning a historic rehabilitation project. Contact us at info@arkansaspreservation.org or 501-324-9880 or 323 Center Street, #1500, Little Rock, Arkansas 72201.