

Minnesota Historic Structure Rehabilitation Tax Credit

The Minnesota Historic Structure Rehabilitation Tax Credit was signed into law in April 2010 as an incentive to stimulate job growth, increase local tax base, and revitalize communities across the state by encouraging private investment in historic properties [Laws of MN, 2010, Chapter 216, Sections 11 and 17]. The tax credit is available for projects in taxable years after December 31, 2009. The Minnesota Historic Structure Rehabilitation Tax Credit is set to expire after fiscal year 2021 unless it is reauthorized.

The state historic tax credit mirrors the 20% federal historic preservation tax credit and is used in conjunction with the federal credit. Property owners who are undertaking a historic rehabilitation project are eligible to receive a state income tax credit on qualifying rehabilitation expenditures (QREs) equal to the amount received for the federal program (20% of QREs). Owners may elect to receive a grant-in-lieu-of-credit (GILOC) equal to 90% of the allowable state tax credit.

The credit is administered by the State Historic Preservation Office in partnership with the Minnesota Department of Revenue. Applicants are **strongly encouraged** to seek the advice of a qualified tax advisor with questions concerning specific tax consequences before proceeding with any tax credit project.

Which projects qualify?

- Property must be a certified historic structure: A building listed on the National Register of Historic Places or certified as contributing to a Registered Historic District
- Building must be rehabilitated to become income producing
- Owner must apply to the MN SHPO before construction work begins
- The project must meet the “substantial rehabilitation test”
- Plans must be approved by National Park Service (NPS) and work certified as meeting the Secretary of the Interior’s Standards for Rehabilitation
- Completed work must be approved by NPS and allowed the federal tax credit

What is the application process?

The MN Application is a two-part form that accompanies the federal application

- The MN Part A must be submitted with Part 2 of the federal application
- The MN Part B must be submitted with Part 3 of the federal application

Is there a fee?

Application fees are based on the estimated and final qualified rehabilitation expenditures (QREs) for the project in accordance with this schedule:

QREs	Part A	Part B
Less than \$100,000	\$0	\$0
\$100,001 - \$500,000	\$250	\$250
\$500,001 - \$1,000,000	\$500	\$2,000
\$1,000,001 - \$2,500,000	\$1,000	\$4,000
\$2,500,001 - \$5,000,000	\$1,500	\$11,000
\$5,000,001 - \$7,000,000	\$2,000	\$23,000
Over \$7,000,000	\$2,000	\$33,000

Projects with Part As submitted prior to May 24, 2013, may follow the fee schedule in existence at the time of that application. Please contact the SHPO for additional information.

How is the credit approved?

The finished project must meet Secretary of the Interior's Rehabilitation Standards and it must be approved by the NPS. SHPO staff work with property owners to determine the best approach to rehabilitation objectives. In general, rehabilitation work should strive to retain and repair original historic features, craftsmanship, materials, character, and spaces.

When is the credit certificate issued?

After work is complete, building is placed in service, and NPS certification received.