

Renaissance Zone State Tax Incentives - Frequently Asked Questions

What are the Renaissance Zone Historic Preservation Tax Incentives?

Owners can claim a 25% investment tax credit on their state income taxes by rehabilitating a building that is on the National Register of Historic Places or eligible, has a commercial or residential use and is located within an approved Renaissance Zone boundary. The maximum allowable credit is \$250,000.

What is a tax credit?

A tax credit differs from an income tax deduction. An income tax deduction lowers the amount of income subject to taxation. A tax credit, however, lowers the amount of tax owed. In essence, a dollar of tax credit reduces the amount of income tax owed by one dollar.

Which buildings are eligible for tax incentives?

Buildings that are designated historic and are located within an approved Renaissance Zone boundary. Both commercial and residential buildings are eligible.

What standards apply to the rehabilitation?

The rehabilitation must conform with the Secretary of the Interior's Standards for Rehabilitation. They can be found online at (Link Below) or requested from the SHSND.

How do I take advantage of the tax incentives?

The Renaissance Zone project must first be approved by the cities zone authority and the Division of Commerce. Then the Renaissance Zone tax incentives must be applied for by filing an application form with the Historic Preservation Division of the State Historical Society of North Dakota (SHSND), Bismarck. Application forms are available from the SHSND. The owner or his/her agent must provide **TWO** copies of the application form and **TWO** copies of all supporting documents including plans, specifications and original photographs.

When should the application be submitted to the State Historical Society of North Dakota?

The application should be submitted to the Historic Preservation Division of the SHSND as early in the planning of the project as is practical so that questionable proposals may be discussed. The SHSND will be pleased to review draft applications and suggest revisions to assist the owner. The application should be submitted to the SHSND prior to bidding, but it must be submitted prior to the start of construction. Work begun or completed prior to SHSND and NPS conditional approval may not qualify for tax credits.

Can projects be phased and qualify for the tax incentives?

No, There are no provisions for phased projects within the Renaissance Zone Tax Incentives.

Is the application easy to fill out?

The Renaissance Zone utilizes parts 2&3 of the federal tax incentive application. Part 2 of the application requires a project description and details of the work that will be completed on the building. Photographs of the building before any work has started are required. Part 3 is completed once the project is finished and requires photographs of the completed project.

Are the interiors as important as the exterior?

Original interior and exterior features are historically and architecturally significant and are equally important. All interior and exterior work is reviewed utilizing the Secretary of the Interior's Standards and reviewers are ALWAYS concerned with interiors. All interior work will be reviewed and must be documented.

Is there a minimum expenditure required to qualify for the tax incentives?

If the rehabilitation is the rehabilitation of a historic property in order to qualify for the business income tax exemption, the minimum expenditure is of the current true and full value of the building. If the project is only for the purpose of receiving historical tax incentives, there is no minimum expenditure.

Are the benefits available to private residences?

Yes, the Renaissance Zone tax incentives are available for private residences that meet the criteria of eligible buildings above.

What other areas of concern should owners be aware of?

Window treatments, masonry cleaning, storefronts, interior renovations, additions, and exterior material treatment proposals will cause the project to be closely reviewed. There are no recapture provisions for the Renaissance Zone tax incentives because the credits cannot be applied for until the project is completed and approved by the Division of Commerce and the SHSND. There is no requirement to maintain ownership after the project is completed. Some credits stay with the owner, while some transfer with the property. There are no state review or processing fees.

What assistance is available from the SHSND?

The Historic Preservation staff will not provide design work for buildings. The staff will answer technical questions, review draft applications, make on site visits, and provide preliminary opinions and advice. The staff will also offer direct assistance to the design professional in charge of the project, if the owner prefers.