

An aerial photograph of a large, dark steel truss bridge spanning a wide river. The bridge's structure is a complex lattice of beams. The river flows through a dense, vibrant green forest. In the background, rolling hills are visible under a soft, golden light, suggesting a sunset or sunrise. The overall scene is a blend of natural beauty and engineering.

# THE REST IS HISTORY: HISTORIC PRESERVATION TAX CREDITS AND ECONOMIC DEVELOPMENT

Senator Eric Nelson, Danielle Waltz, and Shaw Sprague

# THE FEDERAL HISTORIC TAX CREDIT

- Established in 1978 and made permanent in 1986
- 20% federal tax credit on rehabilitation costs of a certified historic property
  - Distributed over 5 years in 4% increments
- Leveraged \$150 billion in private investment
- Rehabilitated over 49,000 buildings
- Created more than 2.5 million jobs
- Most projects take place in rural areas
- 79% of projects take place in economically distressed areas
- 40% of projects were in predominantly minority census tracts
- The Treasury receives approximately \$1.20 for every dollar invested
- The largest federal investment in historic preservation



# STATE BY STATE GUIDE

State	Statute	Year	Income Producing %	Homeowner %	Additional State Credits	Substanital Rehab Requirement
<b>Alabama</b>	<b>Act #2017-380</b>	<b>2018</b>	<b>25%</b>			<b>Greater of 50% of purchase price or \$25,000</b>
<b>Arkansas</b>	<b>Act 840</b>	<b>2009</b>	<b>25%</b>	<b>25%</b>	<b>Major Historic Rehab Tax Credit</b>	<b>\$25K commercial, \$5k homeowners, \$1.5 major rehabilitation</b>
California	SB45 I	2021	20%	20%*	25% for certain federal qualifications	Same as federal HTC
Colorado	HBI 190	2015	20-25%	20%	25% disasters, 35% rural	\$20,000
Connecticut	C.G.S. § 10-416	2014	25%	30%	30% affordable housing or in opportunity zones	25% of assessed building value (commercial), \$15k (homeowners)
Delaware	30 Del. C. Ch. 18 § 1815(b)	2002	20%	30%	30% for nonprofits, 40% for affordable housing/low income	Same as federal HTC; \$5k for owner-occupied
<b>Georgia</b>	<b>O.C.G.A. § 48-7-29.8</b>	<b>2002</b>	<b>25%</b>	<b>25% through 2024</b>	<b>30% for homes in HUD areas</b>	<b>Greater of \$5k or adjusted basis (commercial), lesser of \$25k or 50% adjusted basis (homeowners)</b>
Hawaii	§235-110.97	2019	30%	30%		25% assessed value of structure
Illinois	35 ILCS 31	2019	35%		Allocation based on priorities*	\$5k or adjusted basis

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Indiana	IN Statutes, Art. 32, Rule 312, IAC 23-1 to IAC 23-3	2002	None	20%		
Iowa	Iowa Chapter 1194, H.F. 2560	2000	25%	25%		Lesser of 50% of the assessed value or \$50,000
Kansas	Kansas Chapter 79, Art. 32 §211a	2001	25%*	25%	30% for nonprofits, 30% in towns with 9,500-50,000, 40% in towns with less than 9,500	\$5,000
<b>Kentucky</b>	<b>KY Revised Statutes 171</b>	<b>2005</b>	<b>Up to 20%</b>	<b>30%</b>		<b>Greater of adjusted basis or \$20k commercial; \$20k homeowners</b>
<b>Louisiana</b>	<b>Louisiana RS 47:6019</b>	<b>2002</b>	<b>20%*</b>	<b>None</b>		<b>\$10,000</b>
Maine	Title 36, Part 8, Ch. 22, 5219-BB	2008	25%	None	35% for affordable housing	Same as federal HTC; \$50k if federal HTC is not claimed
Maryland	HB27 (2022)	2004	20%*	20%	Additional 5% for LEED Gold projects	\$25k or 50% of adjusted basis; \$5k for small commercial projects
Massachusetts	Mass. Regulation 830-CMR-6338r1	2005	Up to 20%	None	25% for affordable housing	25% of adjusted basis
Michigan	Public Act 343, Enrolled SB54	2020	25%	25%		Equal or greater than 10% of the property value; \$1000 for homeowners
<b>Mississippi</b>	<b>Miss. 27-7-22.31</b>	<b>2016</b>	<b>25%</b>	<b>25%</b>		<b>50% of the total base</b>

State	Statute	Year	Income Producing %	Homeowner %	Additional State Credits	Substantial Rehab Requirement
<b>Missouri</b>	<b>Title XVI Ch. 253</b>	<b>1998</b>	<b>25%</b>	<b>25%</b>	<b>50% if total basis of the property</b>	<b>\$104M annually; additional \$30M in areas of high poverty; small projects uncapped</b>
Montana	Montana Code 15-31-151	1997	5% if federal HTC used			Greater of \$5,000 or adjusted basis
New Jersey	Historic Property Reinvestment Act	2020	Up to 40%	Residential rental purpose*	Up to 45% for transformative projects in qualified incentive tract or municipality	Greater of adjusted basis or \$5,000
New Mexico	4NMAC 10.9.1-10.9.14	1984	50%	50%		
New York	NY State Parks, Recreation, and Historic Preservation	2007	20%-30%*	20%	25% for barns	Greater of \$5,000 or adjusted basis (commercial); \$5,000 and 5% exterior work (homeowners)
<b>North Carolina</b>	<b>NC Statutes Ch. 105, Art. 3L*</b>	<b>2016</b>	<b>10-15%*</b>	<b>15%</b>	<b>Qualifying former industrial sites % additional credits*</b>	<b>Greater of \$5,000 or adjusted basis in 24 months (commercial); 10k homeowners)</b>
North Dakota	N.D. Cent. Code §40-63-06	1999	25%*	25%		50% of building value
Ohio	OHPTC Programs and Policies	2007	25%-35%*			
<b>Oklahoma</b>	<b>68-2357.41</b>	<b>2009</b>	<b>20% if federal HTC</b>			<b>Greater of \$5,000 or adjusted basis</b>
Pennsylvania	PA Art. XVII-H	2013	25%	None	30% if workforce housing	Greater of \$5,000 or adjusted basis

State	Statute	Year	Income Producing %	Homeowner %	Additional State Credits	Substantial Rehab Requirement
Rhode Island	R.I. Laws Title 44, Chap. 33.6	2002	20%	20%*	25% if quarter of space or 1 <sup>st</sup> floor for business	Adjusted basis of the building
<b>South Carolina</b>	<b>SC Code Chap. 6, Art. 1 § 12-6-3535*</b>	<b>2003</b>	<b>10-25%*</b>	<b>25%*</b>	<b>Permits additional 25% former mills credit or abandoned buildings credit</b>	<b>Same as federal HTC (commercial); 15% (homeowners)</b>
<b>Texas</b>	<b>Tax Code Chap. 171 Sec. 171.901</b>	<b>2015</b>	<b>25%</b>	<b>None</b>	<b>25% for nonprofit projects</b>	<b>\$5,000</b>
Utah	Utah Title 455 Rule 11	1993	None	20% for rental residential		\$10,000
Vermont	32 V.S.A. §5930cc	1988	10% if federal HTC used		25% façade, 50% code improvements, and 50% flood mitigation	
<b>Virginia</b>	<b>VA. Code Title 58.1 Chap. 3 §58.1-339.2</b>	<b>1997</b>	<b>25%</b>	<b>25%</b>		<b>At least 50% of the assessed value (commercial); at least 25% of the assessed value (homeowners)</b>
<b>West Virginia</b>	<b>WV §11-21-8a</b>	<b>2018</b>	<b>25%</b>	<b>20%</b>		<b>\$5,000 or adjusted basis</b>
Wisconsin	WI 71.07(9m)(cn)4	2013	20%	25%		\$50k commercial; 10k homewoners can take up to 5 years to spend

The following 13 states do not currently have HTC credits: Alaska, Arizona, **Florida**, Idaho, Minnesota, Nebraska, Nevada, New Hampshire, Oregon, South Dakota, **Tennessee**, Washington, and Wyoming.

# FEDERAL VS. STATE HTC PROGRAMS

	Federal Rehabilitation Tax Credit	Texas Historic Preservation Tax Credit
Credit applies to:	Federal Income Tax	Texas Franchise Tax or Insurance Premium Tax
Credit offered:	20% of qualified rehabilitation expenditures	25% of qualified rehabilitation expenditures
Credit recipient:	Current owner(s)	Current owner(s); may sell or transfer whole or partial credits to others
Eligible applicants:	Individuals, companies, partnerships	Individuals, companies, partnerships, nonprofits, and public universities
Eligible building uses:	Income-producing (including residential rental)	Income-producing, nonprofit, and public universities
Required historic designation:	National Register of Historic Places*	National Register of Historic Places, Recorded Texas Historic Landmark, or State Antiquities Landmark*
Minimum project cost:	\$5,000 or adjusted basis whichever greater	\$5,000
Application forms:	3-part federal application	2-part state application that mirrors federal
Recapture period:	5 years	No recapture period
Time limit for use of credits:	Must be claimed in equal amounts over 5 years	5 years, at credit holder's discretion
Architectural oversight:	National Park Service certifies the THC's recommendation	Texas Historical Commission certifies projects*
Financial oversight:	Credit managed by the IRS	Credit managed by the Texas Comptroller
Application deadline:	Must apply before project completion, unless building is previously individually designated	Must apply before project completion



# WEST VIRGINIA

- West Virginia Historic Tax Credit Program
  - Began in the late 1980's
    - Mirrored federal program - 10% credit
    - Little activity
    - Commercial & Residential
  - Updated in 2017
    - Increased credit to 25%
    - Lowered carry forward
    - Introduced transferability
    - Implemented Caps – annual, project
  - Updated 2022
    - Eliminated all caps
    - Activity has boomed
- Future considerations
  - Higher credit % for rural & smaller projects



# WEST VIRGINIA STATS

## Applications to the program:

State Fiscal Year	Part 1s*	Part 2s^	Part 3s+
2020	23	16	6
2021	8	10	5
2022	19	14	5
2023	27	23	9
2024	4	6	10

## Financials of the program:

State Fiscal Year	Total Rehab Investment*	Total QREs^	Total State Tax Credits Earned
2020	3,130,807	3,075,949	768,987
2021	39,246,649	32,179,994	8,044,999
2022	10,396,792	9,175,104	2,293,777
2023	25,146,926	23,317,033	4,476,108
2024	105,070,073	95,748,338	23,937,084

# ISSUES

- The HTC has not been positively modernized since 1986
- Historic Tax Credits have lost value over the past 10 years due to IRS
- Pricing of the credits has dropped 20 – 25% over the last 10 years
- Skyrocketing costs of materials, labor, and rising interest rates have exacerbated financing challenges with these projects
- The number of applications to utilize the HTC continue to decline
- Historic buildings are more difficult to rehabilitate



# WESBANCO BUILDING



- Constructed in 1972
- Original purpose - 17 story office tower in downtown Charleston, WV
- 125,000 square feet
- 352 car 6 story parking garage
- Vacant for 18 months after 2-3 years of under 60% occupancy
- Used consultant to work through historic prospects
- Historic qualification - historic nature to downtown skyline vs age of building



## 900 ON LEE

- Purchased April 2021
- Rehabbed for \$22 million
- Fully occupied by August 2022
- 13 residential floors – over 100 residents
  - 1 & 2 bedroom units
  - 1 floor common use with amenities
  - 1 floor with 5 short term rentals
  - 2 floors for commercial bank

# CHARLESTON, WEST VIRGINIA

- Historic tax credits, which include 20% federal and 25% state tax credit helped fund this project
- Luxury living brought to the city by revamping and reutilizing underused real estate to bolster growth in the capital
- Net Impact: increased real estate tax base, increased retail business, added developer income, improved PIT tax base, and more





# FAYETTEVILLE, WEST VIRGINIA

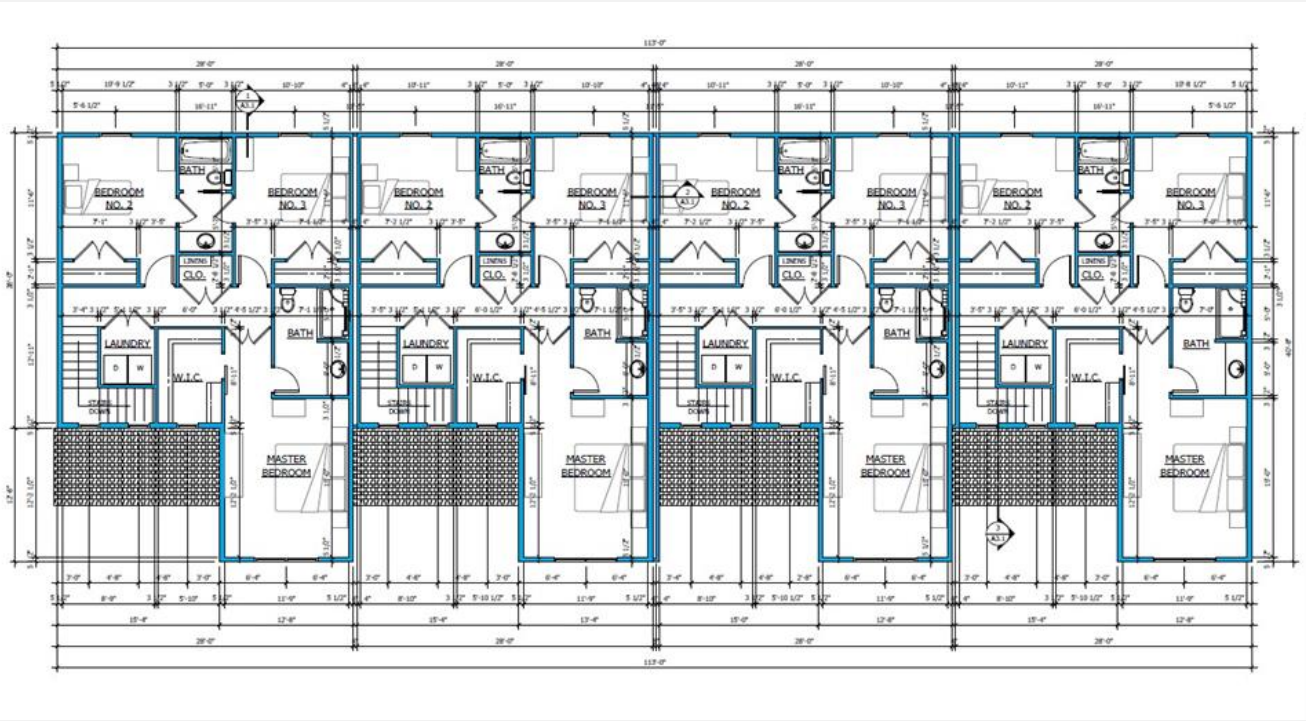
- Former Elementary, Middle, and High Schools are being transformed for residents and visitors of Fayetteville
  - Boutique Hotel
  - Residential Apartments
  - Work and community space
- Project made feasible through the use of historic tax credits
  - Additionally funded by Tourism Development Credits and Build WV Credits
- Project has led to the development of a TIF district in Fayetteville



# WISEMAN & HIGH APARTMENTS



- Fayetteville Elementary School
- Creation of a 20-24 unit apartment building
- Townhomes are also being developed on the property
- Retaining the former gymnasium as a community facility
- 30 construction jobs will be created during this project
- 25 permanent jobs will be created at the completion of this project
- Open for residence in Spring 2024



“Fayetteville, West Virginia is my home and although we have developed 27 hotels in ten different states, I’m extremely humbled to have the opportunity to honor all of those who have come before me by making this one the best one we’ve ever attempted to complete,” said Charlie Wendell, Founder of Mountain Shores Properties.

Charlie Wendell is a former graduate of Fayetteville High School and founder and chairman of Mountain Shores Properties. He utilized historic tax credits to fund this project in hopes of bolstering the tourism industry in the Mountain State.





# THE CIGAR FACTORY



- 1881 - originally constructed as a cotton manufacturing facility
- 1903 - the building became home to the American Cigar Company
- 1981 – listed on the National Register of Historic Places
- 1984 - converted to Johnson and Wales culinary school
- 2014 – The Cigar Factory is now a modern mixed-use property boasting restaurants, creative work space, high-end retail shopping, and more.



# CHARLESTON, SOUTH CAROLINA

- Commercial space is utilized by a variety of businesses servicing the Charleston community
- Historic charm draws in a wide range of audiences ranging from companies looking for office space to couples looking for a wedding venue
- The Cigar Factory is a prime example of the more than 49,000 buildings that have been rehabilitated through the use of this credit



## WHERE TO NEXT?

- Historic Tax Credits help revitalize communities across this country through improved infrastructure, job growth, economic stimulus, and more
- **The Historic Tax Credit Growth and Opportunity Act (H.R. 1785/S. 639)** would bring more value to the credit, make more historic buildings eligible to use the HTC, further incentivize smaller projects and nonprofit projects, and make the credit easier to use
- These changes to the HTC will revitalize our larger cities and our smaller main street communities and at the same time preserve the historically significant buildings across our state
- **Please support improving the HTC by cosponsoring the HTC-GO bill and include provisions in future moving tax legislation**



## HELPFUL LINKS

1. [Rehabilitation Credit | Internal Revenue Service \(irs.gov\)](#)
2. [Annual Report on the Economic Impact of the Federal Historic Tax Credit for Fiscal Year 2023 \(nps.gov\)](#)
3. [The Historic Tax Credit – A Champion for the Conservation of America's Past \(pli.edu\)](#)
4. [Rehabilitation Credit \(Historic Preservation\) \(investopedia.com\)](#)
5. [State Historic Tax Credits and Affordable Housing](#)
6. [The Performance of Affordable Housing Provisions in State Historic Tax Credits](#)
7. [State Historic Tax Credits: Maximizing Preservation, Community Revitalization, and Economic Impact](#)
8. [Benefits of State Historic Tax Credit Incentives](#)
9. [State by State Guide to Historic Tax Credits](#)
10. [IRS Qualified Expenditure](#)
11. [Common FAQs](#)
12. [WV Rehabilitated Buildings Investment Credit](#)
13. [WV Income Producing - Commercial vs. Residential](#)
14. [WV Code - Credit for Qualified Rehabilitated Buildings Investment](#)

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