



Tax Credit: Historic Preservation and Cultural and Entertainment District

The Historic Preservation and Cultural and Entertainment District Tax Credit Program is administered by the Economic Development Authority and the Iowa Department of Cultural Affairs. This credit provides a 25.0% tax credit for qualified expenditures incurred during the substantial rehabilitation of eligible historic properties in Iowa. To qualify, the property or district must meet any of the following criteria:

- The property must be listed on the National Register of Historic Places, or be eligible for such a listing.
- The property is designated as having historic significance to a district listed in the National Register of Historic Places, or be eligible for this designation.
- The property or district is designated as a local landmark by a city or county ordinance.
- The property is a barn constructed before 1937.

Substantial rehabilitation of commercial property involves rehabilitation expenditures equaling at least \$50,000, or 50.0% of the assessed value of the property, prior to rehabilitation (excluding the value of the land). For residential property or barns, rehabilitation expenditures must equal at least \$25,000, or 25.0% of the property's assessed value, prior to rehabilitation.

Legislative History

The Historic Preservation and Cultural and Entertainment District Tax Credit Program was enacted during the 2000 Legislative Session and modified several times after this enactment. During the 2014 Legislative Session, the enactment of [House File 2453](#) changed the allocation of tax credit awards from a lottery system to a readiness-based scoring system. All funding groups (except for small projects) were eliminated, with the amount set aside for small projects changed to at least 5.0% of total awards each fiscal year. Additionally, beginning in FY 2013, the annual award maximum was reduced by 10.0% to \$45 million per year, with 10.0% reserved for small projects (projects with rehabilitation expenditures of \$500,000 or less before 2013 and \$750,000 or less after 2013).

If a tax credit is revoked, the revoked amount can generally be reallocated to other projects within the fiscal year in which it was revoked. If there are non-awarded tax credits at the end of a fiscal year, up to 10.0% of the annual award maximum, \$4.5 million, can be rolled over for allocation in the following year.

The enactment of [House File 2443](#) during FY 2016 made transferred tax credits refundable for the transferee. Under previous law, the transferred tax credits were not refundable once transferred. If an entity had possession of transferred tax credit certificates and did not have Iowa tax liability, the tax credits could not be used. Between January 2007 and November 2014, there were 261 transfers of original tax credit certificates, or \$104.2 million in transferred tax credits. Transfers represented over half (53.1%) of total tax credit awards.

Claims

Between tax years 2006 and 2013, there were 542 Historic Preservation Tax Credit claims, exceeding a total of \$134.2 million. Between these tax years, 78.8% of total claims were refunded to taxpayers. Since 2001, 758 Historic Preservation Tax Credits have been issued to 292 unique projects, totaling \$196.0 million.

More Information

Historic Preservation Tax Credit Evaluation Study: [Tax Credit Evaluation Study](#)

LSA Staff Contact: Angel Banks-Adams (515)281-6301 angel.banks-adams@legis.iowa.gov

Tax Credit: Historic Preservation and Cultural and Entertainment District

Table 1. Historic Preservation and Cultural and Entertainment District Tax Credit Transfers by Tax Type
Transfer Years 2007-2014

Tax Type	Amount of Transferred Tax Credit	Percentage of Total Transfers	Number of Transfers
Insurance Premium Tax	\$ 15,458,956	14.8%	42
Individual Income Tax	24,185,469	23.2%	87
Corporation Income Tax	27,177,835	26.1%	46
Franchise Tax	37,379,103	35.9%	86
Total	\$ 104,201,363	100.0%	261

Source: Iowa Department of Revenue

Table 2. Historic Preservation and Cultural and Entertainment District Tax Credit Claims by Tax Type
Tax Years 2006-2013

Tax Type	Number of Claims	Total Claims	Percentage of Total Claims	Average Claim
Individual Income Tax	329	\$ 31,675,770	23.6%	\$ 96,279
Corporate Income Tax	124	63,269,157	47.1%	510,235
Franchise Tax	63	25,357,878	18.9%	402,506
Insurance Premium Tax	26	13,933,749	10.4%	535,913
Total	542	\$ 134,236,554	100.0%	\$ 386,233

Source: Iowa Department of Revenue

Awards

Through FY 2014, awarded projects were spread across 52 Iowa counties. The credits have primarily been concentrated in urban counties, with Polk, Dubuque, Scott, and Linn counties receiving nearly 72.0% of total awards. Polk County projects totaled \$46.9 million and accounted for 23.9% of all awarded tax credits. Some projects received more than one award due to multiple phases of a given project, resulting in one award for each phase. The average total Historic Preservation and Cultural and Entertainment District Tax Credit award per project during this period was \$671,734.