

261—49.4 (404A) Qualified rehabilitation expenditures.

49.4(1) Definition. “*Qualified rehabilitation expenditures*” or “*QREs*” means expenditures that meet the definition of “qualified rehabilitation expenditures” in Section 47 of the Internal Revenue Code and are specified in the agreement.

49.4(2) Expenditures incurred by nonprofit organizations. Notwithstanding the foregoing subrule, expenditures incurred by an eligible taxpayer that is a nonprofit organization shall be considered “qualified rehabilitation expenditures” if they are any of the following:

a. Expenditures made for structural components, as that term is defined in Treasury Regulation §1.48-1(e)(2).

b. Expenditures made for architectural and engineering fees, site survey fees, legal expenses, insurance premiums, and development fees.

49.4(3) What expenditures qualify. “Qualified rehabilitation expenditures” may include:

a. Expenditures incurred prior to the date an agreement is entered into under Iowa Code section 404A.3(3). The amount of the historic tax credit is a maximum of 25 percent of the qualified rehabilitation expenditures verified by the authority following project completion, up to the amount specified in the agreement between the eligible taxpayer and the authority.

b. Reasonable developer fees. The authority may establish limits on developer fees and may adjust those limits. Any adjustment made to the established limit shall take effect 24 months after the adjustment is published on the authority’s Web site. Developer fees that are qualified rehabilitation expenditures and that meet the limits effective at the time the registration application is submitted shall be deemed reasonable by the authority.

49.4(4) Government financing. “Qualified rehabilitation expenditures” does not include those expenditures financed by federal, state, or local government grants or forgivable loans unless otherwise allowed under Section 47 of the Internal Revenue Code. For an eligible taxpayer that is not eligible for the federal rehabilitation credit, expenditures financed with federal, state, or local government grants or forgivable loans are not qualified rehabilitation expenditures.