Legislative Services Agency
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Fiscal Services Division

Fiscal Topic

Tax Credit: Historic Preservation Tax Credit

November 10, 2026

Purpose

The Historic Preservation Tax 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 is listed on the National Register of Historic Places or is 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 is 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.

Tax Credit Background

- Enacting Legislation: 2000 Iowa Acts, chapter 1194 (Income and Property Taxes — Credits, Deductions, and Exemptions Act)
- Iowa Code Citations:
  - Chapter 404A — Program Description
  - Section 422.11D — Individual Income Tax
  - Section 422.33(10) — Corporate Income Tax
  - Section 422.60(4) — Franchise Tax
  - Section 432.12A — Insurance Premium Tax
- Administrative State Agencies: Iowa Economic Development Authority (IEDA), Iowa Department of Revenue (IDR)
- Sunset Date: None
- Transferable: Yes
- Refundable: Yes
- Carryforward: The credit may be carried forward for up to five years if the taxpayer elects to claim the tax credit as nonrefundable.
- Tax Review Committee Review Year: None

Legislative History

The Historic Preservation Tax Credit program went into effect on July 1, 2000, with a program cap of $2.4 million and was originally named the Property Rehabilitation Tax Credit. Funding for

fiscal year (FY) 2005 and FY 2006 was increased $500,000 for projects located in Cultural and Entertainment Districts (CEDs). Effective July 1, 2005, the amount of funding for CEDs increased to $6.4 million per fiscal year and the program was renamed the Historic Preservation and Cultural and Entertainment District Tax Credit. Funding was increased to $10.0 million for FY 2008, $15.0 million for FY 2009, and $20.0 million for FY 2010. For the awarded credits each fiscal year, 10.0% was designated for projects with a cost of less than $500,000 and 40.0% was designated for projects located in a CED or a location that had entered into an Iowa Great Places agreement. The tax credit was also made refundable.

Effective July 1, 2009, the amount of funding was increased to $50.0 million for FY 2010 and subsequent years. New funding streams for disaster recovery projects and projects involving the creation of more than 500 new permanent jobs were also added. Beginning FY 2013, the maximum amount of tax credits that may be awarded was reduced to $45.0 million. During the 2013 Legislative Session, the definition of substantial rehabilitation of commercial property was changed to include rehabilitation costs equal to $50,000 or 50.0% of the assessed value, whichever is less. The category of property that previously included residential property and barns was expanded to include any property other than commercial property. The placed-into-service date was extended, and the definition of a small project for which 10.0% of the dollar amount of the annual tax credit award must be reserved was increased from $500,000 to $750,000.

During the 2014 Legislative Session, the program was largely rewritten. All separate funds were eliminated, except for small projects. Beginning with FY 2017, if the amount of tax credits specified in agreements signed with registered projects is less than the maximum aggregate tax credit award limit, up to 10.0% of the total cap may be carried forward to the succeeding fiscal year. The completion period was reduced to 36 months, and a step was added to the application process to rate projects on readiness and preservation characteristics, eliminating the lottery system used previously.

Effective August 15, 2016, administrative oversight of the program was transferred from the Department of Cultural Affairs (DCA) to the IEDA, with the IEDA consulting with the DCA during the application process. The program name was changed to the Historic Preservation Tax Credit.

For tax years beginning on or after January 1, 2025, the percentage of the tax credit in excess of the taxpayer's tax liability eligible for a refund was increased to 100.0%. Effective July 1, 2025, the IEDA is permitted to award 20.0% more than the $45.0 million maximum award limit ($9.0 million) if an applicant is eligible for $10.0 million or more in tax credits. Tax credits awarded in excess of the maximum award limit are credited to the succeeding fiscal year. Also, single-family homes, unless part of a project that results in two or more new single-family homes, are not eligible for the tax credit.

Tax Credit Review, Usage, and Future Liability

The following is based on an IDR review of the Historic Preservation Tax Credit released December 2024:

- Through June 2022, 937 tax credits have been awarded for 664 unique projects, totaling $480.1 million.
- Through June 2022, $361.8 million in tax credits (75.4% of total awards) have been transferred.
- From FY 2015 through FY 2022, the distribution of total project funding was as follows:
  - 47.4% for mixed-use projects.
  - 19.1% for commercial projects.
  - 18.1% for residential rental projects.
  - 7.8% for residential projects.
  - 7.6% for noncommercial projects.

The IDR reports on the annual credit usage for the Historic Preservation Tax Credit in its periodic Contingent Liabilities Report. Based on Table 8 of the report, the following figures provide credit redemption history and projections for the Historic Preservation Tax Credit on a fiscal year basis. The blue bars of **Figure 2** indicate the actual credit redemptions, while the red bars are the IDR projections of future redemptions.

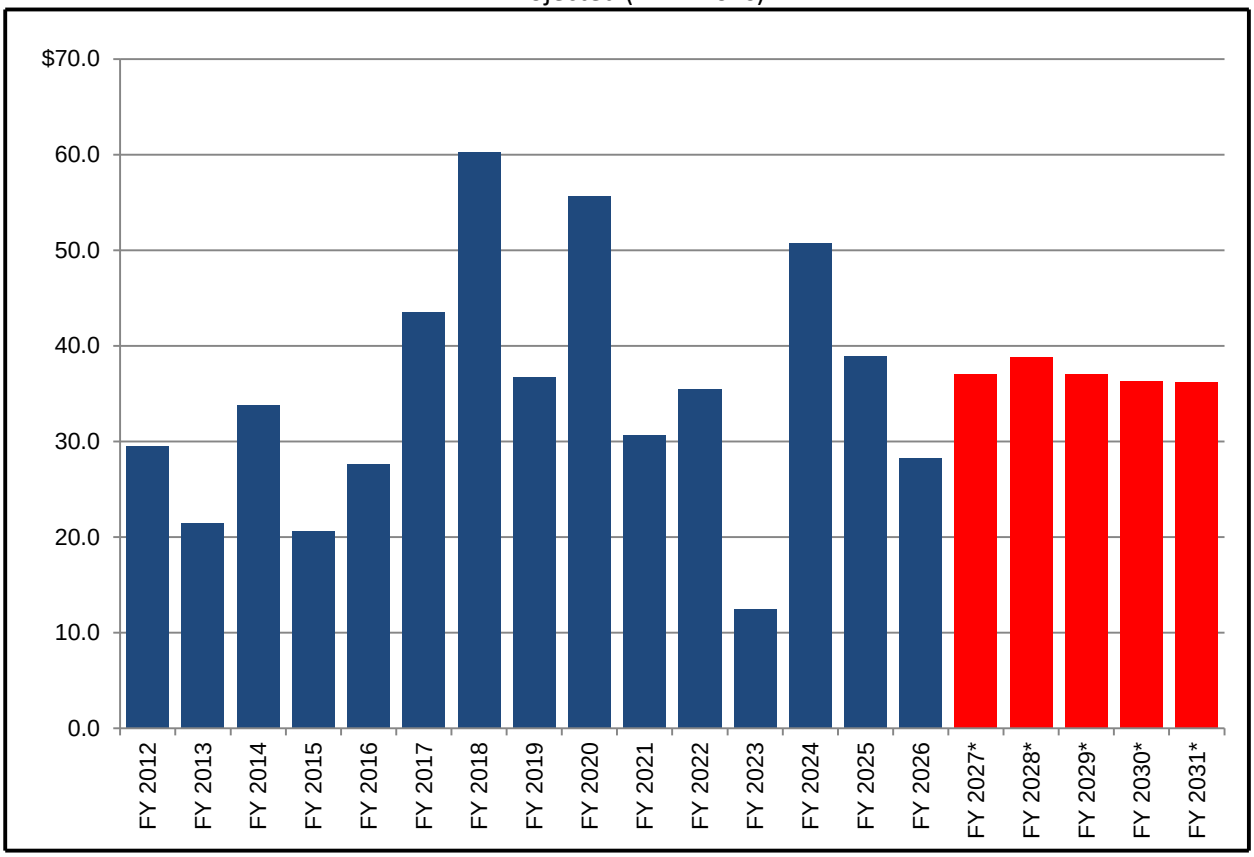
Figure 1 — Historic Preservation Tax Credit History

*Projected

Fiscal Year	Tax Credit Redemptions	Fiscal Year	Tax Credit Redemptions
FY 2012	$ 29,525,450	FY 2022	$ 35,475,414
FY 2013	21,408,923	FY 2023	12,460,463
FY 2014	33,781,754	FY 2024	50,736,171
FY 2015	20,573,764	FY 2025	38,933,651
FY 2016	27,588,327	FY 2026	28,247,650
FY 2017	43,540,191	FY 2027*	37,001,638
FY 2018	60,239,484	FY 2028*	38,784,296
FY 2019	36,727,477	FY 2029*	37,082,949
FY 2020	55,657,673	FY 2030*	36,327,092
FY 2021	30,671,807	FY 2031*	36,259,711

Figure 2 — Historic Preservation Tax Credit Redemptions

*Projected (in Millions)



Additional Information

For additional information, visit:

- Iowa Department of Revenue Contingent Liabilities Report
- Iowa Department of Revenue Tax Credit Review
- Iowa Department of Revenue Tax Credit Users' Manual
- Legislative Services Agency Individual Income Tax Guide

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