

Historic Preservation Tax Credit

Tax Expenditure Committee – December, 2019

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Outline

- ▶ Review the Iowa Historic Preservation Tax Credit program
- ▶ Compare Federal tax incentive program and other states' tax credit programs
- ▶ Present award and claim data
- ▶ Summarize statistics collected from the Historic Preservation Tax Credit applications
- ▶ Economic impact analysis

Iowa Historic Preservation and Cultural and Entertainment District Tax Credit

- ▶ Started in 2001, most recent change passed in 2016
- ▶ Tax credit equals 25% of qualified rehabilitation expenditures for the preservation of historic properties located in Iowa
- ▶ Annual award cap has increased from \$2.4 million to \$45 million today
- ▶ Fully refundable and transferable

Federal Historic Preservation Tax Incentive Program

- ▶ Created in 1976
- ▶ Administered by the Department of Interior and IRS
- ▶ Federal program offers a tax credit equal to 20% of project costs for the qualified rehabilitation of historic buildings for income-producing uses

Other State Historic Preservation Tax Incentive Programs

- ▶ Including Iowa, 34 states have similar tax credit programs, with tax credit rates ranging from 5 percent to 100 percent
- ▶ 15 states match Iowa's 25% tax credit
- ▶ 15 states, including Iowa, have transferable credits
- ▶ 6 states, including Iowa, have refundable credits
- ▶ Among Iowa's neighbors, Illinois, Minnesota, Missouri, Nebraska, and Wisconsin offer tax credits

Historic Preservation Tax Credit Awards by Award Year

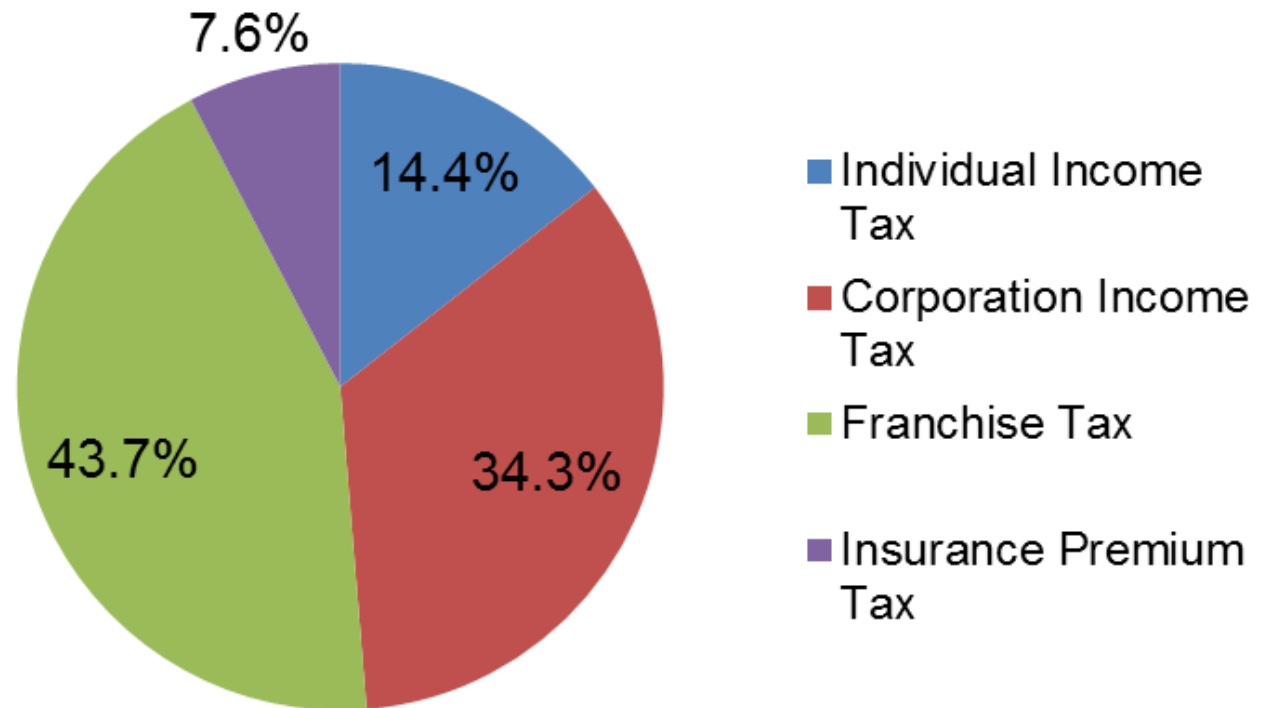
Reservation Year	Number of Awards	Total Awarded Tax Credits	Average Awarded Tax Credits	Share of Reserved Tax Credits Issued
2015	66	\$57,419,781	\$869,997	99.2%
2016	79	\$35,986,047	\$455,520	86.1%
2017	49	\$38,601,555	\$787,787	67.9%
2018	41	\$27,326,192	\$666,492	59.4%
2019	18	\$3,883,893	\$215,772	16.4%
2001-2019	894	\$402,444,968	\$450,162	84.6%
Unique Projects	542		\$742,518	

Historic Preservation Tax Credit Awards by County

County	Number of Projects	Total Awards	Share of Total Awards	Average Award
POLK	104	\$123,727,054	30.7%	\$1,189,683
SCOTT	73	\$75,146,375	18.7%	\$1,029,402
DUBUQUE	50	\$54,995,921	13.7%	\$1,099,918
LINN	60	\$32,117,429	8.0%	\$535,290
BLACK HAWK	30	\$23,002,068	5.7%	\$766,736
WOODBURY	15	\$21,702,005	5.4%	\$1,446,800
POWESHIEK	13	\$6,185,585	1.5%	\$475,814
CERRO GORDO	8	\$5,794,944	1.4%	\$724,368
WEBSTER	3	\$5,645,777	1.4%	\$1,881,926
DES MOINES	13	\$5,384,504	1.3%	\$414,193
Other Counties	173	\$48,743,306	12.1%	\$281,753
Total	542	\$402,444,968	100.0%	\$742,518

Historic Preservation Tax Credit Transfers by Tax Type

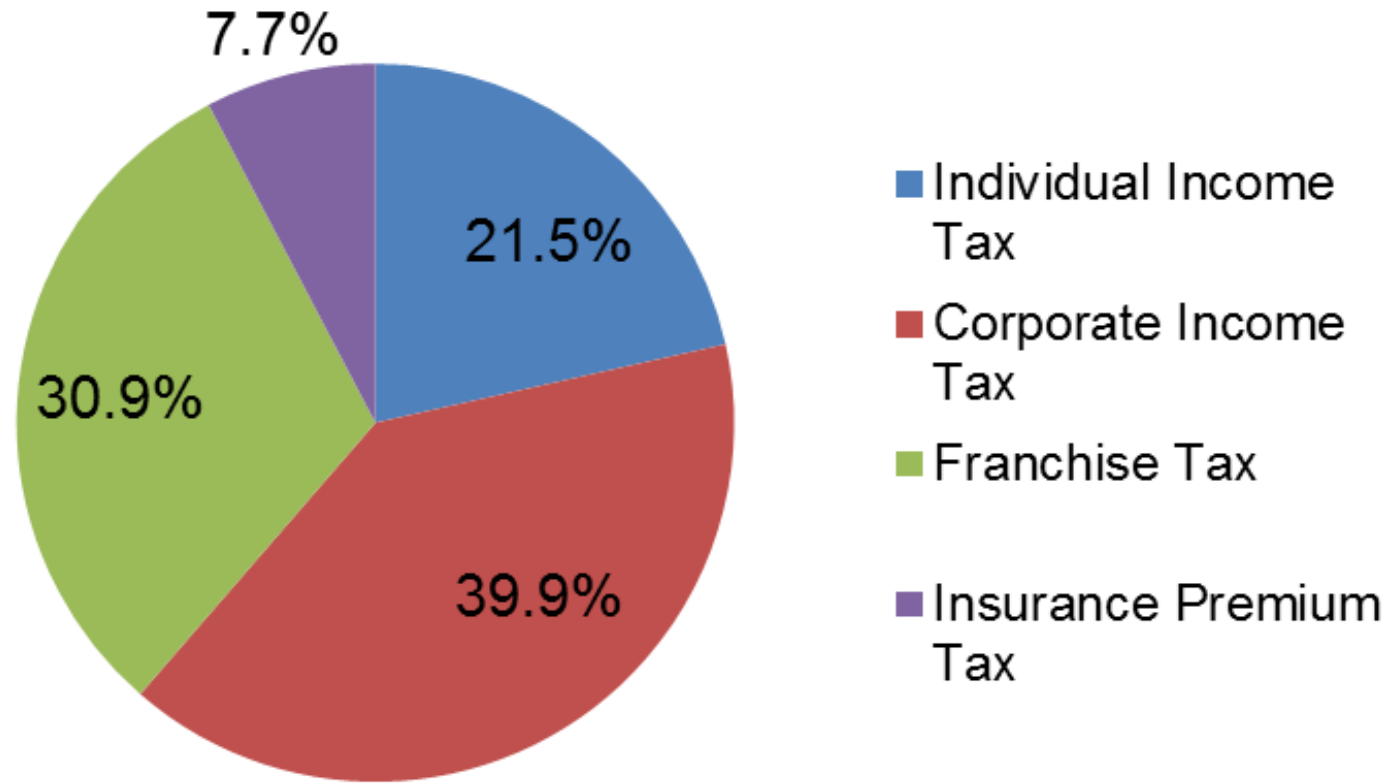
- ▶ Transfers administered by IDR beginning in 2007
- ▶ 54.5% of awards made since 2007 have been transferred



Historic Preservation Tax Credit Claims by Tax Year

Tax Year	Number of Claims	Total Claims	Average Claim
2015	140	\$39,719,704	\$283,712
2016	246	\$57,127,027	\$232,224
2017	62	\$41,629,124	\$671,437
2018	16	\$3,554,584	\$222,162
2005-2018	1,161	\$324,343,804	\$279,366

Historic Preservation Tax Credit Claims by Tax Type



Note: A small number of claims against fiduciary tax were included in individual income tax statistics

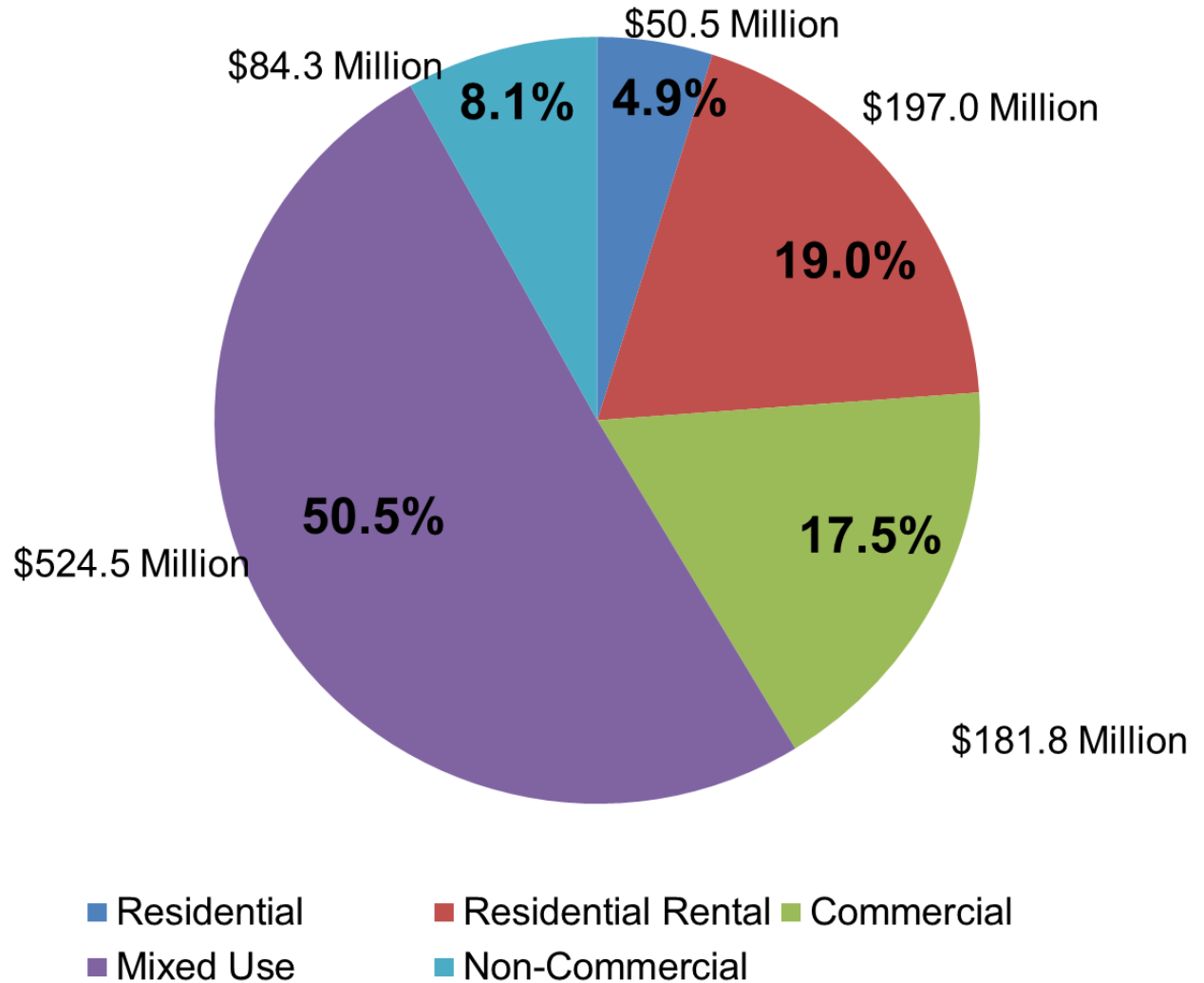
Historic Preservation Tax Credits Application

- ▶ Information self reported by applicants including project funding, project expenditures, and rehabilitation purpose
- ▶ 181 projects provided the information and received an award

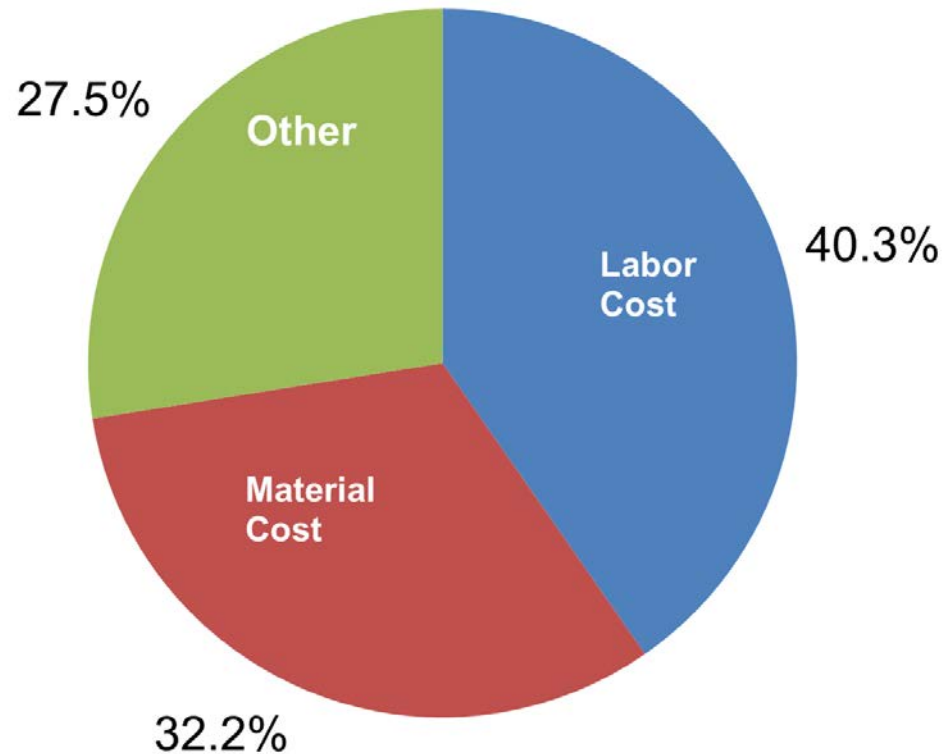
Self-Reported Project Types

- ▶ Based on the reported uses after rehabilitation, 181 projects were categorized into five project types:
 - Residential: single-family house, residential condo, and townhouse
 - Residential rental: apartment, low-income apartment, and senior housing
 - Commercial: retail, restaurant, office, warehouse, and storage
 - Mixed use: both commercial and residential/residential rental
 - Non-profit: church, museum, barn, artist studio, and community center

Self-Reported Total Project Funding by Project Type



Self-Reported Project Expenditures by Type



- ▶ Other costs include costs for professional services, public services, and financing

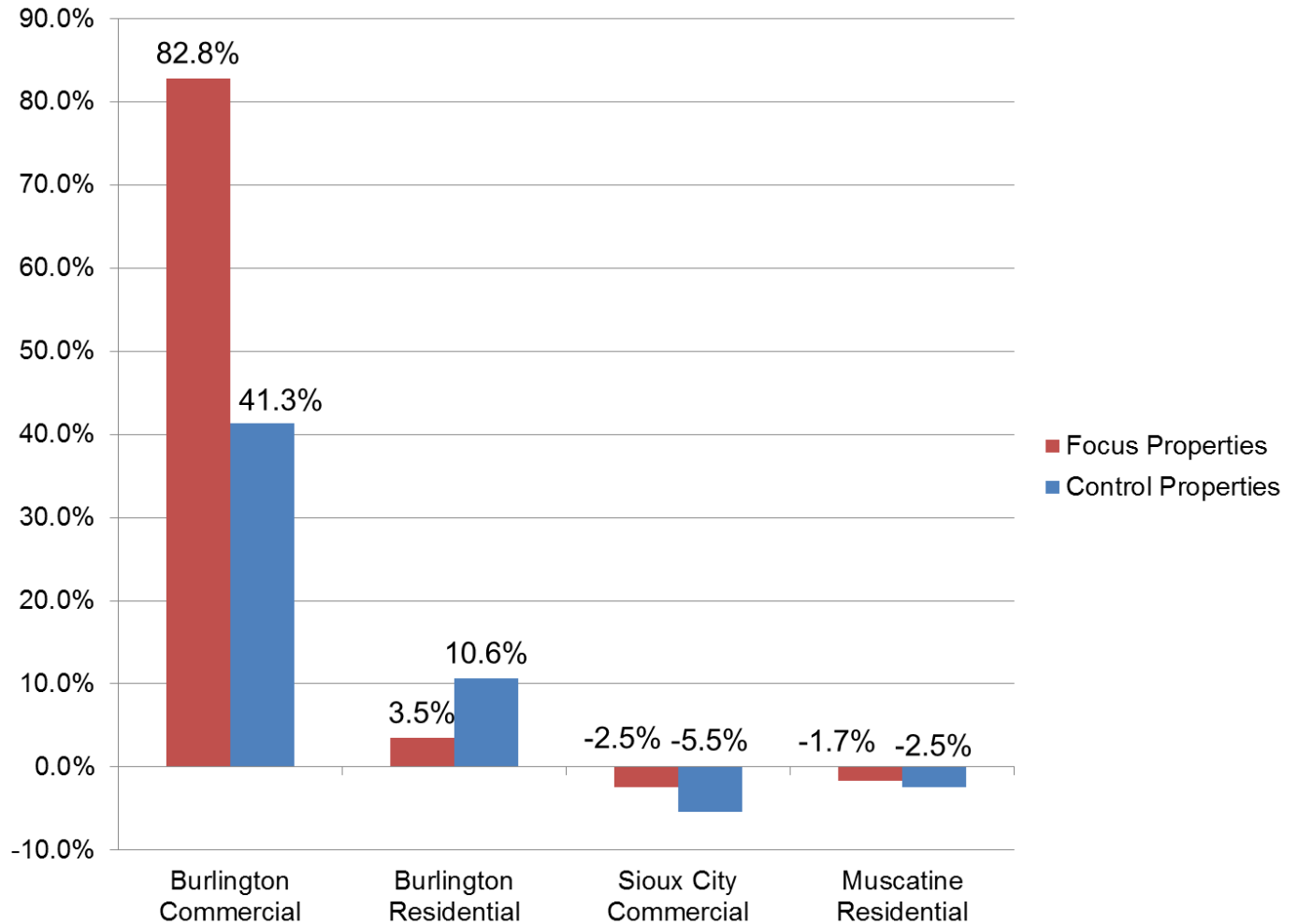
Economic Impact Analysis

- ▶ Expected Impacts of Projects
 - Local Community
 - Neighboring property values
 - Compares assessed values of economic activity between periods before and after rehabilitation completion

Property Value Growth

- ▶ Case study:
 - Burlington, Sioux City, and Muscatine
 - Focus Group: Properties within one-block radius of redeveloped properties
 - Control Group: Properties within the 0.1 mile radius but outside the one-block radius of historic properties
- ▶ Data sources
 - County Assessor Offices and CACTAS

Growth Rates of Median Assessed Value of Focus Properties and Control Properties in Burlington, Sioux City, and Muscatine



Questions?