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Overview of the Historic Preservation Incentive Act
State Historic Tax Credits

On July 2, Governor Tom Corbett signed HB 761 (an amendment to the Tax Reform Code) and also established the Historic Preservation Incentive Act. Enactment of this program makes Pennsylvania the 30th state to establish this type of program. It is designed to be a companion bill to the Federal historic tax credit program.

What is the Historic Preservation Incentive Act? *An act that provides a 25% tax credit for the rehabilitation of historic structures in Pennsylvania, with a cap of \$500,000 for an individual project.*

What is a historic structure? *A commercial building located in Pennsylvania that qualifies as a “certified historic structure” under Section 47 (c) (3) of the Internal Revenue Code of 1986. This is the section of the Code that regulates the Federal Historic Preservation Tax Incentives program. . So, your building must be individually listed in the National Register of Historic Places or contribute to a historic district listed in the National Register of Historic Places or certified by the National Park Service.*

Is this credit available for private homeowners? *No, the property must be used for income-producing purposes, including commercial, industrial, agricultural, rental residential or apartment use.*

Does this mean that the state tax credits are only available to projects using the Federal Historic Preservation Tax Incentives program? *No! Buildings must be certified historic structures, income-producing in nature and otherwise follow the Historic Preservation Tax Incentives program guidelines, application and approval process but participation in the Federal program is not required.*

When will the program go into effect? *The program will go into effect on July 1, 2013.*

How much funding is available? *The program is capped the first year at a maximum of \$3 million. Individual projects may not receive more than \$500,000 in tax credits.*

How is the tax credit obtained? *An application to the Pennsylvania Department of Community and Economic Development (DCED) must be filed on or before February 1st of each year for qualified expenditures incurred in the prior calendar year or to be incurred in the current year. The Pennsylvania Historical and Museum Commission (PHMC) will review the proposed rehabilitation plan, verify that the building is a “qualified historic structure”, is following a “qualified rehabilitation plan” and recommend approval or disapproval to DCED. This review will coincide with the PHMC review of the RITC Part 2 for the project. Once the project is completed and approved by the PHMC (an approved RITC Part 3), DCED will issue the tax credit certificate.*

What is a “qualified rehabilitation plan”? *A plan to rehabilitate a qualified historic structure that is approved by the PHMC as being consistent with the Standards for Rehabilitation and Guidelines for Rehabilitation as adopted by the United States Secretary of the Interior*

Can the credits be carried forward or carried back to other tax years? *Tax credits in excess of what can be used in one tax year may be carried forward for no more than seven years. There is no carryback or refund for unused credits.*

Where can the program guidelines be found? *The PHMC and DCED will develop guidelines for the implementation of the tax credit program and they will be made available as soon as they are ready.*