

Remarks submitted by James O'Donnell, Director, Tax Credit Division, Pennsylvania Department of Community & Economic Development

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Historic Preservation Tax Credit Program

In accordance with Article XVII-H of the tax reform code of 1971 the Department of Community and Economic Development (DCED) established the Historic Preservation Tax Credit program in March 2014. The Historic Preservation Tax Credit program provides tax credits to qualified taxpayers who are completing the rehabilitation of a qualified historic structure into an income producing property. Income producing properties include commercial, industrial, agricultural, rental, residential or apartment use.

DCED works in conjunction with the Pennsylvania Historical and Museum Commission in administering the program to determine applicant eligibility. All projects must include a qualified rehabilitation plan approved by the Historical and Museum Commission as being consistent with the standards for the rehabilitation of historic buildings. Along with the application applicants must submit supporting documentation to include photographs of the building, map of building boundaries, building location, a statement of historic and architectural significance and a complete description of the rehabilitation project.

The program is annually budgeted at \$3 million dollars with credit awards being equitably distributed throughout five specific regions (see attached map) of the Commonwealth. Total credits awarded to a qualified taxpayer may not exceed \$500,000 in any fiscal year. Tax credits awarded for any project cannot exceed 25% of the qualified expenditures in connection with the completed project. Qualified expenditures include the costs and expenses incurred by the taxpayer through the restoration of the historic structure.

Upon completion of the rehabilitation project the applicant must request final certification of the completed project from the Historical and Museum Commission. In order to do so the applicant must submit both exterior and interior photographs of the historic structure and its surroundings to document the completed rehabilitation along with the date the building was placed in service and its certificate of occupancy issued by the municipality. Once final certification is approved by the Historical and Museum Commission, DCED is authorized to issue the applicant a tax credit certificate. The qualified taxpayer may use the credit for any state taxes owed or sell or assign the credit to one or more taxpayers. Qualified taxpayers have seven years after the first taxable year in which the tax credit was issued to use the credit.