

# Historic Tax Credits

1300 Gendy Task Force  
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## COMPARISON OF FEDERAL AND STATE HISTORIC TAX CREDIT PROGRAMS

	<b>Federal Historic Preservation Tax Incentives Program</b>	<b>Texas Historic Preservation Tax Credit Program</b>
<b>Credit applies to:</b>	Federal Income Tax	Texas Franchise Tax or Texas Insurance Premium Tax
<b>Percent credit offered:</b>	20% of qualified expenditures	25% of qualified expenditures*
<b>Credit recipient:</b>	Current owner(s)	Current owner(s) May transfer whole or partial credit to others
<b>Eligible applicants:</b>	Individuals, companies, partnerships	Individuals, companies, partnerships and nonprofits
<b>Eligible building uses:</b>	Income-producing only	Income-producing, nonprofit, or public university systems
<b>Required historic designation:</b>	National Register (individual or district)	National Register (individual or district), Recorded Texas Historic Landmark, or State Antiquities Landmark Required when credit is claimed
<b>Minimum project:</b>	\$5,000/value of building (whichever is greater)	\$5,000
<b>Application structure:</b>	3-part Federal application (1, 2, 3)	3-part application that mirrors Federal (A, B, C)
<b>Recapture period:</b>	5 years	No recapture period
<b>Time limit for use of credits:</b>	20 years	5 years
<b>Architectural oversight:</b>	National Park Service (NPS) certifies with THC's recommendation	Texas Historical Commission (THC) certifies projects NPS reviews first if applying for Federal and State
<b>Financial oversight:</b>	Credit managed by IRS	Credit managed by Texas Comptroller
<b>Application deadline:</b>	Must apply before project completion	Projects completed between September 1, 2013 and January 1, 2015 may apply after project completion; all others must apply before project completion

\*Federal and State programs use the same definition for Qualified Rehabilitation Expenditures.

# Eligibility: Ownership

## CANNOT BE OWNED BY A GOVERNMENTAL ENTITY

However...

- Buildings owned by governmental entities may be eligible for the state and federal tax credit programs, if the building is operated by a long-term lessee (requiring a 39+ year lease), then that lessee is considered to have an ownership interest. If that lessee uses the building for an eligible business or non-profit use and incurs all project costs, then that lessee would be able to participate in the tax credit program(s) as if they were the owner of the building.
- City Economic Development Corporation (EDCs), however, can be classified as 4A sales tax corporations and this may qualify as a tax-exempt organization under Chapter 171 of the Tax Code.

# Eligibility: Designation Status

1300 Gendy is **not currently designated** on the National Register of Historic Places or any state designations, however, it **could be eligible**.



## Eligibility: Use

**Federal:** Must be at least 51% income producing, and credits only available for work completed on the income-producing portion of property

**State:** may be used for non-profit purposes such as arts centers

# Eligibility: Minimum Spend Threshold

**Federal:** \$5,000 or value of building, whichever is greater

**State:** \$5,000

Current value of building according to TAD: \$0

Approximate budget for repairs: \$26 million

## Pros if Eligible

- Could receive up to 45% credit back
  - 20% Federal or \$5.2 million
  - 25% State or \$6.5 million
  - **Total: \$11.7 million**
- Excellent example of Fort Worth tax project
- State and National recognition
- Good faith sign of public investment in arts and history

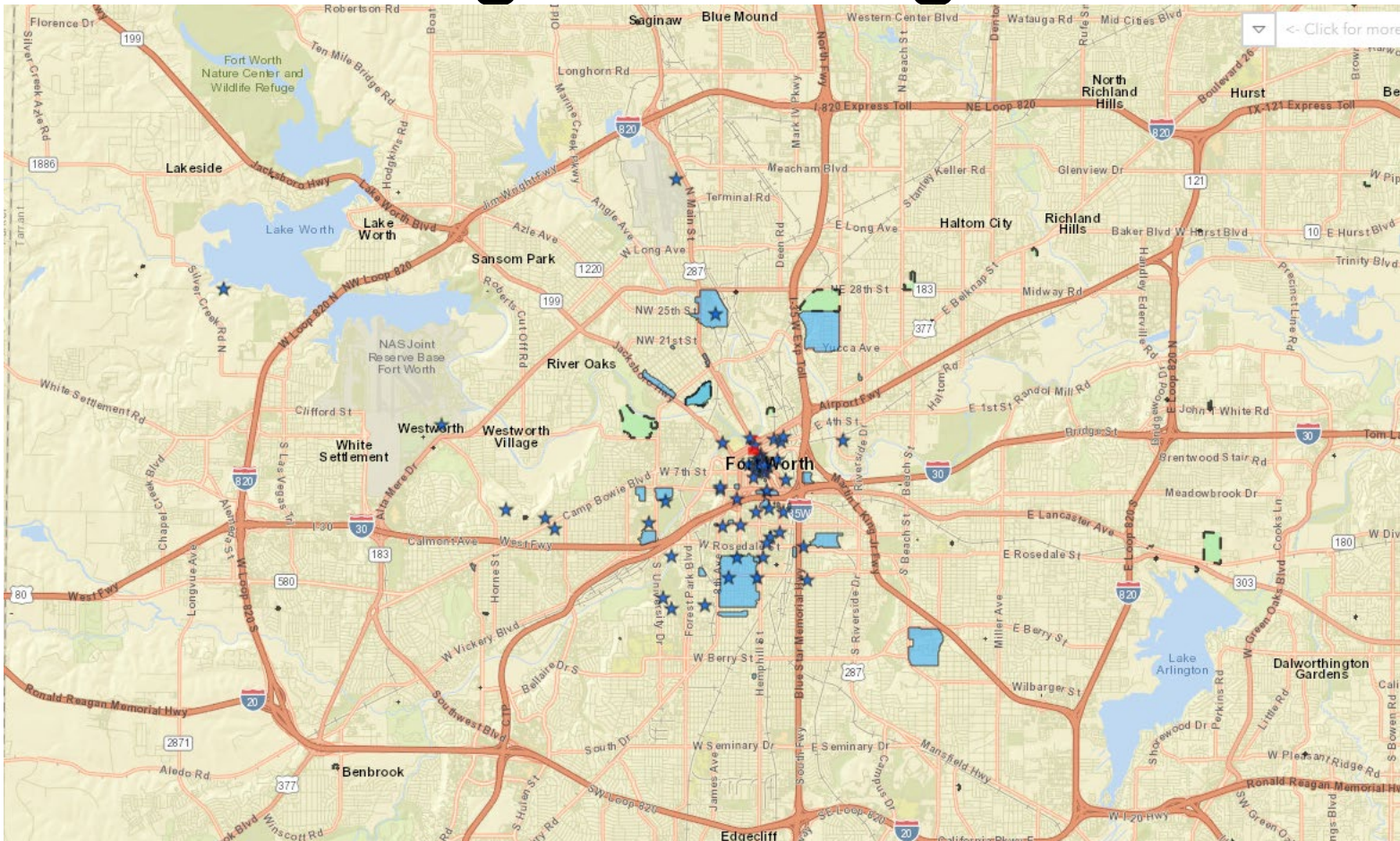


## Cons

- Conveyance/sale of building to another entity
- Additional contracts/leasing agreements to qualify
- All work reviewed by the THC and National Park Service
- Time (must list the building and apply for credits, at least a year to 18 months)
- Upfront costs then extra steps of selling tax credits after completion
- Additional staff/consultant to manage project, contracts, tax credit process



# National Register Designation



<https://atlas.thc.state.tx.us/Map>

# National Register Designation



Will Rogers Memorial Center Listed on the National Register in 2016

# National Register Designation

## Pros

- Public sign of support for history and arts
- Continued promotion of heritage tourism and economic development efforts
- No state or federal review for changes to building or site
- Eligibility for historic tax credits and grants in the future

## Cons

- Time to designate (a year at minimum)
- Review of changes to the building triggered only if using federal funds

# Questions

- Texas Historical Commission: [thc.texas.gov](http://thc.texas.gov)
- City of Fort Worth: [Lorelei.Willett@fortworthtexas.gov](mailto:Lorelei.Willett@fortworthtexas.gov)

**THANK YOU!**