

State Historic Preservation Office
Office of Archives and History
Division of Historical Resources
North Carolina Department of Cultural Resources

State and Federal Historic Rehabilitation Tax Credits

State tax credits are available for the rehabilitation of nonincome-producing historic properties in addition to federal and state tax credits for income-producing historic properties. The present historic preservation tax credit measures provide:

- **A 20% state tax credit** for rehabilitation of **income-producing historic structures** that also qualify for the **20% federal investment tax credit**. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of an income-producing historic structure by 40%. (see Income-producing fact sheet)
- **A 30% state tax credit** for qualifying rehabilitation of **nonincome-producing historic structures**, including owner-occupied personal residences. There is no equivalent federal credit for such rehabilitations. N. C. General Statute (GS) 105-29.36 and .37

Nonincome-producing properties

- **Property owners of historic structures are *strongly advised to consult with the State Historic Preservation Office before beginning a rehabilitation* to resolve potential design and rehabilitation problems that could result in denial of the credits.**
- Only certified historic structures will qualify for the credits. A “certified historic structure” is defined as a building that is listed in the **National Register of Historic Places**, either individually or as a contributing building in a National Register historic district, or as a contributing building within a local historic district that has been certified by the U. S. Department of the Interior. (There are only three of the latter in North Carolina. These are the Blount Street Historic District in Raleigh, the Goldsboro Historic District, and the Decatur-Hunter Historic District in Madison.) GS 105-29.36(b)(3)
- A nonincome-producing building must be a “certified historic structure” at the time the state credit is taken—that is, it must be actually listed in the National Register or it will not qualify for the state credit. The property owner must begin taking the credit in the year the rehabilitation project is completed. GS 105-29.37(b)
- An owner may begin a rehabilitation project on a nonincome-producing property prior to the listing of the property in the National Register, with the intention of having it listed in the Register by the time the project is completed. However, because listing of a property by a desired deadline cannot be guaranteed, **owners are strongly urged to secure National Register listing of their nonincome-producing property prior to beginning a certified rehabilitation.**
- The rehabilitation of the historic structure must be substantial. For nonincome-producing properties, the rehabilitation expenses must exceed \$25,000 within a 24-month period, sometime during the project. GS 105-29.36(a)
- The State Historic Preservation Office reviews rehabilitation work on nonincome-producing historic structures. All rehabilitation work must meet the Secretary of the Interior’s *Standards for Rehabilitation*.
- The credits cannot be claimed against the cost of acquisition, enlargement of an existing building, (additions), site work, or personal property. Only costs incurred in work upon or within a historic structure will qualify. GS 105-29.36(b)(2)

A property is listed in the **National Register of Historic Places** by a nomination, which is a research report prepared according to detailed state and federal guidelines. The final authority on National Register listing is the federal Keeper of the National Register in Washington, DC. In its role as administrator of the National Register program in North Carolina, the N. C. State Historic Preservation Office is charged with ensuring that nominations forwarded by the State Historic Preservation Officer to the Keeper are complete and correct. The State Historic Preservation Office provides direction to preparers but does not write nominations. Most nominations are prepared by private consultants hired by property owners, local governments, or private non-profit organizations. The nomination process may take six months to two years or longer.

This information describes the federal and state historic preservation tax credit programs in very general terms only. Taxpayers should consult a professional tax advisor, the North Carolina Department of Revenue, or the Internal Revenue Service for help in determining the tax and other financial implications of any matter discussed here. For further information regarding the procedures for obtaining historic preservation certifications, contact:

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For information about the National Register of Historic Places and the requirements and procedures for listing, contact:

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