

## Federal Tax Incentives for Historic Buildings

A community's historic buildings are the tangible links with its past and reflect its unique character. Various Federal laws now exist to encourage the preservation of these irreplaceable resources.

The Tax Reform Act of 1986 establishes: 1) A 20% tax credit for the substantial rehabilitation of historic buildings for commercial, industrial and rental residential purposes, and a 10% tax credit for the substantial rehabilitation for nonresidential purposes of buildings built before 1936. 2) A straight-line depreciation period of 27.5 years for residential property and 31.5 years for nonresidential property for the depreciable basis of the rehabilitated building reduced by the amount of the tax credit claimed.

Preservation tax incentives are available for any qualified project that the Secretary of the Interior designates a certified rehabilitation of a certified historic structure. Certification requests are made through the State Historic Preservation Officer. In Florida, the contact is Director, Division of Archives, History and Records Management, Department of State, The Capitol, Tallahassee, FL 32301-8020. Certifications are issued by the National Park Service.

A **certified historic structure** is any building that is listed individually in the National Register of Historic Places, or located in a registered historic district and certified as being of historic significance to the district. A **registered historic district** is any district that is listed in the National Register of Historic Places, or designated under a special state or local statute. A **certified rehabilitation** is any rehabilitation of a certified historic structure that is certified as being consistent with the historic character of the property and where applicable, the district in which it is located.

The Internal Revenue Service limits the tax credits for rehabilitation to depreciable buildings, i.e., buildings used in a trade or business or held for the production of income, such as commercial or residential properties. For purposes of charitable contributions only, certified historic structures need not be depreciable buildings to qualify.