



## Coalition Successfully Extended Historic Preservation Tax Credit to Support Colorado's Downtown Mainstreets and Create Jobs

### How the Reauthorized Credit Helps

Colorado remains dedicated to improving its economy and creating jobs by supporting and incentivizing businesses located in historic buildings. The Colorado Historic Preservation Tax Credit program was slated to end in 2019 if the Colorado Legislature didn't extend the program. Tax Credit Connection worked with a coalition of preservationists, business folks, and state agencies to extend and improve the Historic Preservation Tax Credit (HPTC) so our heroic business owners can invest in keeping their iconic buildings in tip top shape.

House Bill 1190 gives property owners 10 more years to rehabilitate their historic buildings and invest in their downtown mainstreets. The new law provides extra incentives for projects in rural areas. For projects starting on January 1, 2020 or later, rural property owners will receive up to a 35% tax credit on qualifying expenditures for the first \$2 million spent plus a 30% tax credit on qualifying expenditures over \$2 million, up from the 25% and 20% in the current law. Regardless of where a project is completed, applicants are allowed to submit one application per calendar year, and the maximum tax credit for an application is \$1,000,000. The bill makes additional changes to assist rural tenants who are making improvements and simplifies parts of the law that were confusing and had an unfair application to many people.

This law has allowed owners and tenants of historic buildings around the state to put on new roofs, upgrade HVAC systems, and completely renovate buildings that might have faced the wrecking ball absent the credit. Some buildings are being turned into affordable housing, others are new locations for dining and shopping, and some are becoming museums. To find out how and when the new law might affect you and your project, please see the table below.

### WHAT WILL CHANGE FOR QUALIFIED COMMERCIAL STRUCTURES?

Areas of Change	Prior to Reauthorization	After Reauthorization	Effective Date
<b>Extra Incentives</b>	Extra 5% for disaster areas	Extra 5% for disaster areas OR Extra 10% for rural areas	January 1, 2020
<b>Leases</b>	39 year lease for all areas	≥5 year lease for rural areas	July 1, 2018
<b>Qualified Rehab Expenditures (QREs)</b>	>25% of adjusted basis (original purchase price minus value attributed to the land)	≥\$20,000	January 1, 2020
<b>Tax Credit ≤\$250,000</b>	No fee	Up to \$250 fee	July 1, 2018
<b>Suspension Period</b>	None	≥15 applications with <\$50,000 in QREs	July 1, 2018
<b>Reservation Notification Period</b>	90 days	90 days except during suspension period = 120 days (for <\$50,000 in QREs only)	July 1, 2018

<b>Rehab Commencement Requirement</b>	Within 1 year of reservation	≥20% of estimated costs within 18 months of reservation	July 1, 2018
<b>Cost and Expense Certification</b>	Audited only if tax credit is >\$250,000	All project Cost & Expense Certifications must be audited	July 1, 2018
<b>Application Deadline</b>	December 31, 2019	December 31, 2029	July 1, 2018
<b>Rehab Completion Deadline</b>	When law sunsets (December 31, 2019)	3 years after law sunsets (December 31, 2032)	July 1, 2018

What is a “Disaster Area”?

An area that the president of the United States has determined to be a major disaster area or that is located in an area that the governor has determined to be a disaster area within the last 6 years.

*\*Please contact us if you’re unsure whether or not your building is in a disaster area.\**

What is a “Rural Area”?

A municipality with a population of less than 50,000 people that is not located within the Denver metropolitan area or an unincorporated area of any county that has a total population of less than 50,000 people and is not located within the Denver metropolitan area.

What is the “Denver Metropolitan Area”?

All of the area within the boundaries of the counties of Adams, Arapahoe, Boulder, and Jefferson, the city and county of Broomfield, the city and county of Denver, and the county of Douglas except the Town of Castle Rock and Larkspur.

Thank Your Legislators

State Representatives Daneya Esgar and Hugh McKean, and Senators Jack Tate and Leroy Garcia, co-sponsored House Bill 1190, and we can’t thank them enough for their support and leadership! The bill made its final pass on May 7<sup>th</sup>, 2018 and was signed into law by the Governor on May 30, 2018. If you see your state senators or representatives, please tell them how important having beautiful historic places to live, work, and shop is to you and your family.

TCC is Here for YOU!

If you have a historic building and are interested in learning about whether your rehabilitation would qualify for the HPTC program, please call our office and talk to either Amber Furness or Ariel Steele. We are passionate about historic preservation projects and want to help you make yours happen.

**For more information, please contact:**

**Tax Credit Connection, Inc.**

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This information is not intended to be legal or financial advice. Please consult your own advisor.