



WISCONSIN
HISTORICAL
SOCIETY

Application Instructions For FEDERAL & STATE Income-Producing Tax Credits

This guidance applies to owners applying for both the federal and state tax credit.

A 20% federal income tax credit is available to owners who rehabilitate their income-producing certified historic structures. This nation-wide program is managed by the National Park Service (NPS) and administered in Wisconsin by the State Historic Preservation Office (SHPO) located within the Wisconsin Historical Society (WHS). The State of Wisconsin has a 20% tax credit up to \$3.5 million per parcel. To claim the state credit, the owner must receive approval from SHPO prior to starting work. While this is not the case with the federal credit, beginning work prior to NPS approval is not recommended. In order to receive both tax credits, approval is required by SHPO, NPS and the Wisconsin Economic Development Corporation (WEDC).

BEFORE APPLYING

1. Make sure the project meets the financial requirements. The proposed project must equal at least \$50,000 or the "adjusted basis" of the building, whichever is greater. The adjusted basis is the price that you paid for the building (minus the value of the land), plus any improvements, minus any depreciation.
2. Consult an accountant, tax attorney, Internal Revenue Service (IRS) and/or Department of Revenue (DOR) to determine whether these incentives would be applicable to the owner's financial situation.
3. Contact a SHPO architect to discuss the proposed project. (Refer to the map at the end of this document to find your architect.) The architect can confirm the building's status on the National Register and discuss preliminary details of the project to determine whether it will meet The Secretary of the Interior's Standards for Rehabilitation.



HOW TO APPLY

All application forms must be completed with original owner signature(s). **Submit two copies of all forms, photographs, drawings and other materials to SHPO at Wisconsin Historical Society, 816 State Street, Madison WI 53706.** One copy is kept at SHPO while the second copy is sent to NPS. The application parts may be sent separately or together, but if they are sent separately, Part 1 must precede Part 2. In order to complete the application process for the State tax credits, WEDC will send the owner appropriate forms to be completed after the Part 2 has been approved by SHPO.

PHOTOGRAPHY

Submit detailed photos of the building along with the Part 1 and/or Part 2 applications. Photos are required to be 4" x 6" (color and commercially processed on photo paper). All photos must be labeled on the back with the historic property name, date and photo number keyed to a floor plan. At a minimum the following photographs are required:

- a. Several photos of the site and setting
- b. At least one photo of each building elevation
- c. Detailed (close-up) photos of specific architectural features affected by the proposed rehabilitation
- d. Photos of interior spaces/rooms

THE PART 1 APPLICATION

Submit two copies of the Part 1 Application, two sets of the required photographs and photo key and two copies of the historic district map with the project building(s) highlighted.

The Part 1 is used to request certification that a building contributes to the significance of a registered historic district. **Or** The Part 1 is used to determine that a building is eligible for listing in the National Register of Historic Places. The Part 1 is not needed if the property is a single building currently listed in the National Register of Historic Places. If the building is not yet listed, attach a draft National Register nomination to the Part 1 application.



THE PART 2 APPLICATION

Submit two copies of the Part 2 Application, two sets of the required photographs (if not submitted with the Part 1) and photo key, and two sets of any/all drawings, and manufacturer's information. If the drawings are larger than 15" x 21" submit half size drawing sets.

The Part 2 is used to describe all proposed work to the building and site as well as any new building addition. The work items must be broken out and described individually, explaining the existing condition and proposed treatment. Examples of these work items include but are not limited to: site work, foundation, roof, exterior masonry, windows, exterior doors, interior finishes, mechanical, electrical, and plumbing. Reference the photograph or drawing numbers that illustrate the feature in your description. All projects are evaluated using the Secretary of the Interior's Standards for Rehabilitation. If the owner would like to complete the work over five years, submit a proposed project schedule listing what work would take place in each year.

Expenditures associated with the exterior or the interior of certified historic structures (with the exception of moveable equipment) as well as architect/engineering fees are eligible expenses. The costs of site work, acquisition, and construction of new additions are not eligible for the credits.

COMMON REASONS FOR RETURNS

1. Lack of photographic documentation.

In order to fully review the proposed work, the existing building conditions must be documented. Photos of the entire building are required, even if work is not proposed in a particular area. Submit photos of all exterior elevations and of all interior spaces.

2. Lack of adequate plans.

Depending on the size and scope of work, construction drawings may be required. For example, when interior work involves inserting new or removing original walls, submit existing and proposed floor plans. If any interior finishes are proposed to change, submit existing and proposed finish schedules. If original windows are proposed to be replaced, submit existing and proposed dimensioned window details.

3. Lack of required signatures.

Applications must have original signatures of all property owners. All names, addresses, and taxpayer identification numbers of those owners must be indicated on the application. A general partner who is in the process of soliciting partners at the time of application should include a statement that the names of the remaining partners are unknown, but that they will be submitted at a later date.

4. Failure to describe significant aspects of a project. NPS must review all parts of a project and requires applicants to address all aspects of project work including interior work, new construction, demolition of nearby structures, and installation of new mechanical and electrical systems. To ensure compliance confirm the entire project is described within the Part 2 application.

REVIEW FEES

NPS charges a fee for reviewing Part 2 and Part 3 applications according to the fee schedule published on the NPS website. Once NPS receives the Part 2 application they will email the owner with instructions on how to pay the fee. NPS will not begin their review until payment has been received. SHPO does not charge a review fee.



REVIEW PROCESS

SHPO architects review the application materials and forward one set to NPS with treatment recommendations. While they may consider SHPO's recommendations, NPS has final approval. If all necessary materials are included with the applications, the owner should receive a decision within 45-60 days. The owner must complete the required WEDC forms in order to claim the State Tax Credit.

CARRYING OUT THE WORK

Once the Part 2 application has been approved by NPS, work may begin. It is possible to amend the project by submitting the NPS amendment form (along with necessary photos and drawings) to SHPO. The amendment will be reviewed and forwarded to NPS with recommendations. NPS will review and mail the signed form back to the owner along with any assigned conditions.

If the property received a preliminary determination of significance through the Part 1 application process, (in other words, if it is not individually listed in the National Register or certified as contributing to a National Register district), complete a National Register nomination for the property. National Register listing is a lengthy process, so we recommend beginning this work immediately upon Part 1 approval as tax credits cannot be claimed until the building is listed.



THE PART 3 APPLICATION

Submit two copies of the Part 3 Application within the calendar year the project is completed and the building is placed in service. Along with the Part 3, submit two sets of 4" x 6" color photos labeled on the back with the historic property name, date and photo number (keyed to a floor plan).

CLAIMING THE CREDITS

Once NPS approves the project, the signed Part 3 is submitted with taxes to claim the credit (if the building is listed). If the building is not yet listed at the time of completion, submit a request for extension with the IRS. The owner must claim 20% of the tax credit per year for 5 years. This new law applies to both State and Federal tax credits. If within five years, of the building being placed into service, it is sold or altered in a way that diminishes its historic character, the tax credit must be repaid to the IRS and DOR. Repayment is prorated over the five-year period after the building is placed in service.

FOR FURTHER INFORMATION...

COMPLETING THE PART 1

For advice about completing the Part I certification application, contact **Joe DeRose** at 608/264-6512 or joe.derose@wisconsinhistory.org.

HIRING A CONSULTANT

While it is not required, many applicants will hire professional consultants to complete the Part 1 application and/or the National Register of Historic Places Nomination.

www.wisconsinhistory.org/hp/consultantlist.asp

NATIONAL REGISTER QUESTIONS

For information on listing a building in the National Register of Historic Places contact **Ian Gort** at 608/264-6502 or ian.gort@wisconsinhistory.org.

TAX QUESTIONS

With any IRS questions contact:

Colleen Gallagher at 763-347-7361

With any DOR questions contact:

Craig Kvammen at 608-266-7177

WISCONSIN HISTORICAL SOCIETY

www.wisconsinhistory.org/taxcredits

NATIONAL PARK SERVICE

<http://www.nps.gov/tps/tax-incentives.htm>

SHPO ARCHITECTS (by region)

