

## Colorado Historic Preservation Income Tax Credit

5/7/19

### Overview of Residential Program (CRS 39-22-514.5 of 2014, as amended)

Colorado offers a state income tax credit for preservation and rehabilitation work on designated historic properties. Property owners who complete qualified rehabilitation projects may obtain a dollar-for-dollar reduction in taxes owed to the state of Colorado. The state tax credit program helps Denver residents preserve and rehabilitate treasured historic buildings while creating jobs for the construction industry, including those working in historic-preservation crafts. Historic properties contribute to Denver's unique sense of place and identity, benefitting the citizens of Denver and contributing to local tourism. Denver Landmark Preservation reviews and processes historic preservation tax credits on behalf of History Colorado (a state agency), providing a streamlined and straightforward tax-credit review and approval process for historic property owners in Denver.

### Properties that Qualify

To qualify for the Colorado Historic Preservation Tax Credit, a building must be 50 years old or more, and meet one of the following:

- Designated as an individual [Denver landmark](#)
- Located in a [Denver historic district](#) and determined to be "contributing" to the historic district
- Located in Denver and listed on the [National Register of Historic Places](#) or [State Register of Historic Properties](#)
- [Located in Denver and determined to be "contributing" to a historic district listed on the National Register of Historic Places or State Register of Historic Properties](#)

### Who Can Apply

Owner-occupants of non-income producing historic properties, or residential tenants with leases of 5 years or more may apply for the "new" (2014) residential tax credit or the "traditional" (1990) residential tax credit. **This customer guide only applies to the "new" (2014) residential, non-income producing tax credit program enacted by CRS 39-22-514.5 of 2014, as amended.** If you received a Part 1 approval from Landmark Preservation for a residential tax credit prior to October 1, 2015, please contact Landmark Preservation staff for more information.

### Summary of the "New" Residential Tax Credit Program

- The Colorado Historic Preservation Tax Credit for non-income producing properties provides a 20% tax credit for qualified rehabilitation expenses (see list on p. 2). The maximum tax credit for one property is \$50,000 over a 10-year period, which resets if the property is sold to a new owner.
- Qualified expenses must exceed \$5,000 to qualify for the credit.
- Although the tax credit may only be applied toward qualified expenses, the entire project, including any interior and exterior work, qualified and non-qualified expenses, must meet the [Secretary of the Interior's Standards for Rehabilitation](#), as determined by the Landmark Preservation Commission (LPC) and its staff.
- Tax credit applications are reviewed and approved by the [Landmark Preservation Commission](#) during their bimonthly meetings.
- Landmark Preservation staff issues a tax credit certification for a completed project. Property owners/tenants are responsible for requesting tax credits from the state by submitting Form 0104CR to the Colorado Department of Revenue along with the tax credit certification when they file their state taxes. The appropriate line or lines on Form 0104CR will refer to the "Preservation of Historic Structures Credit" (§39-22-514.5, C.R.S.).

*continued*



### Summary of the “New” Residential Tax Credit Program (continued)

- Historic preservation tax credits are generally filed against taxes owed in the same year of the tax credit approval. However, completed projects certified by the Landmark Preservation Commission before March 1st may apply tax credits to the previous year’s taxes if work was completed by December 31 of the previous year.
- Recipients may use the Colorado historic preservation tax credit to offset taxes for up to 10 years. For taxpayer advice, contact a qualified accountant or the [Colorado Department of Revenue](#).
- If a property owner or qualified tenant moves or sells the property after obtaining tax credit certification, the original property owner or tenant may still claim the tax credit after they move or sell the property. No recapture plan applies. However, approved tax credits cannot be transferred to new owners or new tenants.

### Qualified Expenses

The following work items qualify for the “new” (2014) residential tax credit. If an item is not on this list, it does not qualify for the tax credit. For a project to be eligible for a tax credit, all work including interior and exterior work, qualified and non-qualified expenses must conform to the [Secretary of the Interior’s Standards for Rehabilitation](#) as determined by the LPC and its staff.

Qualified Exterior Work	Qualified Interior Work
Masonry - repair, repointing or replacement (as required*)	Interior historic walls and finishes, wood work and trim - repairs and replacement (as required*)
Siding, woodwork and trim - repair or replacement (as required*)	Historic floor materials (except carpet) - repairs, refinishing and replacement (as required*)
Foundation repairs or replacement - including associated excavation work	Reconstruction of missing interior historic elements - when sufficiently documented
Roofs - repair or replacement (as required*)	Electrical, plumbing, heating, ventilation & air conditioning - repairs and upgrades
Windows and Doors - repair or replacement (as required*)	Insulation
Construction work directly associated with the above work items	

\* Replacement of historic features may be a qualified expense if it is clearly demonstrated that the features are in irreparable condition. Replacement elements must match the historic features in size, shape, configuration, material and appearance.

Expenses that do not qualify for the tax credit include, but are not limited to: rehabilitation of additions or accessory structures that were constructed outside the period of significance for the property or historic district; expenses for remodeling bathrooms or kitchens except for rehabilitation of historic features; changes to historic interior floor plans; finishing of basements; fixtures and appliances; landscaping, fences, retaining walls or other site work; site excavation (including basements), grading and paving; replacement of sewer lines; permit and inspection fees; acquisition costs; architecture, engineering or design fees; “soft costs” such as appraisals, legal fees, accounting, realtor fees, and insurance.

*continued*

### Application and Approval Process

Tax credit application submittal, review, and approval is a two-step process. Applicants submit a Part 1 application describing the proposed project, and receive Part 1 approval from the LPC. After applicants complete work items listed in the Part 1 application and within 120 days of project completion, applicants submit a Part 2 application documenting the completed work. LPC completes its review and upon approval staff issues a tax credit certification.

#### Part 1 – Proposed Work:

- Step One: Applicant verifies that the property and applicant qualifies for the credit (see “Who Can Apply,” p. 1). Applicants are encouraged to contact Landmark Preservation staff with questions prior to submittal to ensure a successful application.
- Step Two: Applicant completes the Part 1 application, including photographs of the pre-construction condition of the property, and gathers itemized cost estimates. Applicants may submit Part 1 applications after the work has begun but risk having the entire application rejected if any part of the project does not meet the [Secretary of the Interior’s Standards for Rehabilitation](#). Retroactive Part 1 applications are subject to all submittal requirements delineated in this Customer Guide, and must include sufficient photographic documentation of the pre-construction conditions. Part 1 applications submitted more than 24 months after the start of work will not be allowed per State rules.
- Step Three: Applicant submits the Part 1 application to Landmark Preservation staff, including the application fee (see p. 3) and all required supplemental materials (photos, drawings, proposed budget, etc.). One application, with copies of supporting information, is required (see “Submitting Applications,” p. 4). Digital submissions are encouraged.
- Step Four: Within 90 calendar days, Landmark Preservation staff reviews the application for eligibility and completeness, and contacts the applicant with any questions or concerns. Landmark Preservation staff may request a site visit to review the work. Complete applications are placed on the next available LPC meeting agenda (see “LPC Approval Process,” p. 5).
- Step Five: Upon approval by the LPC, Landmark Preservation staff emails the applicant the Part 1 tax credit approval, and the applicant begins work. If your scope of work changes, contact Landmark staff immediately for advice about your tax credit application.

#### Part 2 – Completed Work:

- Step One: Within 120 days of project completion, applicant prepares a Part 2 application, including photographs, invoices and receipts documenting all work completed. The work outlined in the Part 2 application must match the approved work in the Part 1 application. Part 2 applications submitted more than 120 days after project completion will not be allowed per State rules.
- Step Two: Applicant submits the Part 2 application to Landmark Preservation staff, including the required application form and all required supplemental materials. One application, with copies of supporting information, is required (see “Submitting Applications,” p. 4). Digital submissions are encouraged.

*continued*



**Step Three:** Within 90 calendar days, Landmark Preservation staff reviews the application for completeness and consistency with the approved Part 1, and contacts the applicant with questions. Landmark Preservation staff may request a site visit. Complete applications are placed on the next available LPC meeting agenda (see “LPC Approval Process”, p. 5). If Landmark Preservation staff find that the application is incomplete, the applicant will have 90 days to provide additional information.

**Step Four:** Upon approval by the LPC, Landmark Preservation staff sends applicant the tax credit certification. The applicant files the tax credit certification with the State of Colorado to offset their state income taxes. Part 2 applications certified by the LPC before March 1 may be applied to the previous year’s taxes if work was completed by Dec. 31 of the previous year. Part 2 applications certified by the LPC after March 1 may be applied to that year’s taxes. Applicants may use the tax credit to offset taxes for up to 10 years.

### Application Fees

An application fee is required with the submittal of the Part 1 application. Fees are processed following initial Landmark Preservation staff review of the application for eligibility and completeness. The applicable fee is based on project construction bids included in the Part 1 application. No fees are required for Part 2 applications.

Estimated Project Costs	Part 1 Application	Part 2 Application
\$15,000 or Less	\$250	No Fee
\$15,001 to \$50,000	\$500	No Fee
\$50,001 to \$100,000	\$750	No Fee
Over \$100,000	\$1,000	No Fee

Applicants may pay by credit card or check. Please make checks payable to “Manager of Finance” and include a check with the Part 1 application. If you plan to pay by credit card, Landmark staff will contact you about how to enter your credit card payment information online. You cannot pay by credit card in person.

### Submitting Applications

Complete applications may be submitted via email or as hard copies in person or by mail.

	Email	In Person	Mail
Submit to:	landmark@denvergov.org	Records Counter, 2nd floor Webb Municipal Building 201 W. Colfax Ave. 7:30 am – 4:30 pm, Monday - Friday	Landmark Preservation City and County of Denver 201 W. Colfax Ave, Dept 205 Denver, CO 80202
Submittal Requirements:	Digital submissions must include no more than 3 attachments: the application form, photos, and supporting materials. File size and combined attachments to any one email cannot exceed 25MB.	All hard copy applications must be printed in color, no larger than 8.5”x11”, and formatted so that they may be readily scanned. Clip or staple application materials; please do not include binders or plastic covers.	

*Note: All materials submitted with a tax credit application become the property of the City and County of Denver and cannot be returned.*



## LPC Approval Process

Once Landmark Preservation staff determines that an application is complete, the application will be placed on the next available meeting agenda of the [Landmark Preservation Commission](#). Applications that are found by Landmark Preservation staff to be complete applications that meet the [Secretary of the Interior's Standards for Rehabilitation](#) are generally added to the Consent Agenda of the LPC. Applicants do not need to attend the LPC meeting unless Landmark Preservation staff recommends denial of the application. Landmark Preservation staff will provide the applicant with information about the LPC agenda and staff's recommendation. Following approval by the LPC, Landmark Preservation staff will email the Part 1 approval or Part 2 certification to the applicant.

## Additional Information

The City and County of Denver recommends that all applicants consult [CHS Publication 1322b](#) (Colorado Historic Preservation Income Tax Credit) prior to completing a tax credit application. Other information on the tax credit program is available at:

- [City and County of Denver – Landmark Preservation](#)
- [History Colorado](#)
- [Fact Sheet About Historic Preservation Tax Credits - History Colorado](#)
- [Colorado Office of Economic Development and International Trade \(OEDIT\)](#)

**LEGAL DISCLAIMER:** This Customer Guide should not be used as a substitute for Colorado Revised Statute 39-22-514.5, as amended. The applicant is responsible for compliance with all state code and rule requirements, whether or not described in this Customer Guide.