

Colorado Historic Preservation Income Tax Credit Overview of “Traditional” Program

In 1990, the Colorado Legislature passed the Colorado Historic Preservation Income Tax Credit (CRS 39-22-514) to encourage the rehabilitation of privately owned historic buildings in the state. Because Colorado brought 2 new tax credit programs on line in 2014, Denver Landmark Preservation is calling the 1990 Tax Credit Program the “Traditional” Tax Credit Program. This program continues to be available, providing a 20% tax credit for qualified rehabilitation costs, with a credit cap of \$50,000 per property.

Tax credit projects help 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. The Denver Landmark Preservation Commission (LPC) 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.

Who Should Use the Traditional Tax Credit Program:

While Colorado has recently established 2 new tax credit programs (see next paragraph below), the “Traditional” Tax Credit Program is **ONLY** recommended for **Income-Producing Historic Properties** with projects involving one more of the following:

- Projects proposed by tenants with leases of at least 5 years but less than 39 years (tenants must have leases of 39 years or more to qualify for the new Commercial Tax Credit Program)
- Temporary/stabilization work and demolition of non-historic additions
- Discrete rehabilitation projects, such as window rehabilitation, re-roofing or masonry repointing which cost \$250,000 or less (these projects would probably not meet the minimum dollar amount threshold for the new Commercial Tax Credit Program)
- Projects requiring fast turn-around times, since the Denver LPC can typically approve projects in 45 days or less
- Projects that can’t be funded under the New [Commercial Tax Credit Program](#) in a particular calendar year due to the program’s annual tax credit reservation limits.

Two New Tax Credit Options for Colorado Taxpayers:

The Colorado Legislature passed the Colorado Job Creation and Main Street Revitalization Act in 2014, which established two additional tax credit programs: a [Residential Tax Credit Program](#) and a [Commercial Tax Credit Program](#):

- The Denver Landmark Preservation Commission administers the new [Residential Tax Credit Program](#). Owner-occupants of residential properties and residential tenants with leases of at least 5 years are strongly encouraged to use the new Residential Tax Credit Program, instead of the Traditional Program. The new Residential Tax Credit Program has less stringent timing completion requirements, resets after 10 years or with new ownership, and eliminates the tax credit recapture clause for residential properties sold within 5 years of claiming the credit.
- The new [Commercial Tax Credit Program](#) allows tax credits up to 25% of qualified rehabilitation costs with a tax credit limit of \$1,000,000 per calendar year. This program is based on available funding and is administered by the State of Colorado.

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Properties that Qualify for the “Traditional” Tax Credit

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

- Located in a Denver historic district – “contributing” to the historic district
- Designated as an Individual [Denver Landmark](#)
- Located in Denver and listed on the [State Register of Historic Places](#)

Summary of the “Traditional” Tax Credit Program:

- The Colorado Historic Preservation Tax Credit provides a 20% tax credit for qualified rehabilitation expenses. The maximum tax credit for any one property is \$50,000 for the life of the property.
- Eligible expenses must exceed \$5,000 to qualify for the credit.
- Projects must meet the *Secretary of the Interior’s Standards*, as determined by the Denver LPC and its staff (generally referred to as Landmark Preservation). A starting point for all project reviews is the [Denver Guidelines for Denver Landmark Structures & Districts](#). Landmark Preservation also uses [National Park Service Preservation Briefs](#).
- Projects are approved through a 2-step approval process. Projects must be completed within 24 months of the part 1 approval (or from time work starts, whichever comes first). One 24 month extension may be obtained under certain circumstances (extension must be requested prior to the end of the initial 24 month period).

Tax Credit Filing Requirements:

- Landmark Preservation issues a Tax Credit Certificate for a completed project. Property owners/tenants are responsible for requesting tax credits by submitting Form 104CR or 112CR to the Colorado Department of Revenue, along with the Tax Credit Certificate.
- Historic Preservation Tax Credits are filed against taxes owed in the same year of the Tax Credit Approval. *For example, if a property owner receives a Tax Credit Certificate in 2016, the owner would file the tax credit against taxes owed in 2016, but filed in 2017.*
- Tax credit recipients can 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 within five years of obtaining tax credit approval, the State of Colorado recaptures a portion of the credit according to a formula (100% if sold within year 1, and then 20% recapture reduction per year through year 5).

Qualified Expenses

The following work items qualify for the tax credits. All work must conform with the *Secretary of the Interior’s Standards for the Treatment of Historic Properties* as determined by Denver Landmark Preservation.

Qualified Exterior Work	Qualified Interior Work
Demolition - <i>Non-historic additions</i>	Interior carpentry, walls, ceilings, etc. - <i>repairs and replacement (as required)</i>
Exterior and Structural Repairs - <i>Other than routine maintenance</i>	Other Rehabilitation Work, including insulation - <i>must meet Secretary of the Interior’s Standards</i>
Masonry Re-pointing of Mortar	Fire Sprinklers
Roofs, Windows and Doors - <i>repair or replacement (as required)</i>	Electrical, plumbing, heating, ventilation & air conditioning - <i>repairs and upgrades</i>
Other Qualified Rehabilitation Work	Other Qualified Rehabilitation Work
Construction work directly associated with the above work items or to meet building and safety codes.	
Exceptions: No routine maintenance, excavation, grading, paving or landscaping, interior furnishings, construction mobilization, city permit/inspection fees, or work on additions post-dating a designation. Also no soft costs.	

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Application and Approval Process

The tax credit submittal, review and approval process is a 2-step process. Applicants submit a Preliminary (Part 1) Application describing the proposed project, and receive Part 1 approval. After all work is completed, applicants submit a final (Part 2) application. Landmark Preservation completes its review, and then issues a tax credit certificate.

① Preliminary Approval:

- Step One:** Applicant verifies that the property and applicant qualifies for the credit. Applicants are encouraged to contact Landmark Preservation with questions prior to submittal to ensure a successful application.
- Step Two:** Applicant completes the Part 1 application prior to beginning work. One application, with copies of supporting information, is required. See Part 1 Application form for more information on submittal requirements.
- Step Three:** Applicant submits the Part 1 Application to Landmark Preservation, including the application fee (see below), and all required supplemental materials (photos, drawings, proposed budget, etc.). See "Submitting Applications," p. 4.
- Step Four:** Landmark Preservation reviews the application for tax credit program eligibility and completeness, and contacts the applicant with any questions or concerns within 2 weeks of application receipt. Landmark Preservation may request a site visit to review the proposed work. Complete applications are added to the next available LPC meeting agenda. See "LPC Approval Process" on p. 4.
- Step Five:** Landmark Preservation sends applicant the Part I tax credit approval, and applicant begins work.

② Final Approval:

- Step One:** Applicant must complete project within 24 months of part 1 approval. Applicant submits a Final Application (Part 2), including applicable fee, within 60 days after work in the Part I approval has been completed.
- Step Two:** Applicant submits the Part 2 application to Landmark Preservation, including the required application form and all required supplemental materials. See "Submitting Applications" on p. 4.
- Step Three:** Landmark Preservation reviews the application for completeness and consistency with the Part 1 application, and contacts the applicant with questions within 2 weeks of application receipt. Landmark Preservation may request a site visit. Complete applications are then added to the next available LPC meeting agenda, and are reviewed and approved by the LPC. See "LPC Approval Process" on p. 4.
- Step Four:** Landmark Preservation sends applicant the tax credit certificate. The property owner/tenants files the tax credit with the State of Colorado to offset taxes due in year of tax credit approval.

Application Fees

An application fee is required with the submittal of the Part 1 and Part 2 application as noted below. Applications are only processed upon receipt of payment. Fees are not refundable.

Estimated/Actual Project Costs	Part 1 Application	Part 2 Application
\$15,000 or Less	\$250	\$0
\$15,001 to \$50,000	\$250	\$250
\$50,001 to \$100,000	\$250	\$500
Over \$100,000	\$250	\$750

Applicants can pay by Check (Checks should be made payable to "Manager of Finance"). If you are paying by check, please attach the check to the Part I application form.

Applicants can pay by Credit Card. Please indicate that you plan on paying by Credit Card on the Part I application. You will be contacted by a city cashier for your credit card information. Please note that you cannot pay by credit card in person since Landmark Preservation wants to verify tax credit eligibility prior to processing payment.

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Submitting Applications

Complete the required application and submit hard copy application by mail or in person. Digital applications can be submitted by email.

	Mail	In Person	Email
Submit to:	Landmark Preservation City and County of Denver 201 W. Colfax Ave. - Dept. 205 Denver, CO 80202	Records Counter 2nd Floor Webb Municipal Bldg. 201 W. Colfax Ave. 8 a.m. – 4:30 P.M., Monday - Friday	landmark@denvergov.org
Submittal Requirements:	All hard copy applications must be of a size and format that they can be readily scanned. Hard copies should be clipped or stapled; please no binders or plastic covers.		Digital submissions must include no more than 3 attachments: Application Form, Photos and Supporting Materials. File size for combined attachments to any one email cannot not exceed 25 MB.

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 completes its review of Part 1 and Part 2 applications, these applications are added to the next available Landmark Preservation Commission (LPC) meeting agenda. Applications deemed complete are reviewed and approved (or disapproved) by LPC within 45 days.

Applications added to LPC meeting agendas are posted on the LPC website. Applicants do not need to attend LPC meetings unless the application is recommended for disapproval by Landmark Preservation. Landmark preservation will inform applicants of LPC approval following the LPC meeting, and forward the Part I or Part II (tax credit certificate) 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](#)

LEGAL DISCLAIMERS: This Advisory should not be used as a substitute for Colorado Revised Statute CRS 39-22-514. The applicant is responsible for compliance with all state code and rule requirements, whether or not described in this Advisory. Qualified applicants are legally allowed to submit Part I applications within 24 months after work has started. Applications received after work has begun are not recommended, are considered “at risk” and are not guaranteed approval; they are subject to all submittal requirements delineated in this Advisory, including photographs and documentation of conditions prior to beginning work.

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