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Texas Historic Preservation Tax Credit Program

The Texas Historic Preservation Tax Credit Program was established through [Texas House Bill 500](#) during the 83rd Texas Legislative Session and went into effect on January 1, 2015. The new state historic tax credit is worth 25 percent of eligible rehabilitation costs and is available for buildings listed in the National Register of Historic Places, as well as Recorded Texas Historic Landmarks and Texas State Antiquities Landmarks. The program is administered jointly by the Texas Historical Commission (THC) in cooperation with the [Texas Comptroller of Public Accounts](#). Administrative rules for implementation of the program are found in the [Texas Administrative Code, Title 13, Part II, Chapter 13](#).

The Federal Historic Preservation Tax Incentive Program also offers a 20 percent tax credit for the rehabilitation of historic buildings. Established in 1976, the federal historic tax credit program is also a significant financial incentive for the reuse of historic buildings and revitalization of historic downtowns. Applicants are encouraged to take advantage of both financial incentives when possible and apply to both programs together.

Eligible Buildings and Costs

In order to be eligible for the Texas Historic Preservation Tax Credit, a project must meet the following criteria:

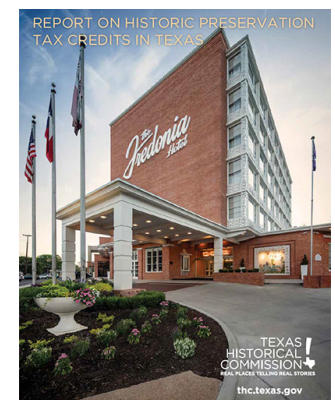
- The property must currently have a historic designation, or be determined eligible for listing in the National Register of Historic Places. Its designation may include: A) listing individually or as a contributing building in a district listed on the National Register of Historic Places, B) as a Recorded Texas Historic Landmark, C) as a State Antiquities Landmark, or D) contributing to the significance of a National Register historic district or other certified historic district. If the building has no historic designation but is found to be eligible, the nomination process may be undertaken while the work is underway; however, the property must be officially listed by the time the credit is taken. (This differs from the federal program).
- Only **buildings** qualify for the tax credit. Structures such as bridges, ships, railroad cars, grain silos, and dams are not eligible for the credit.
- The building must be **income-producing or non-profit**. For example, it may be used as a hotel, for commercial offices, for commercial, industrial, or agricultural purposes, or for rental housing, or any official non-profit use such as a church, museum, or arts center. Owner-occupied residential properties and municipal offices are not eligible for the credit.
- The cost of the rehabilitation project or scope of work must meet the minimum cost threshold of \$5,000 for qualified rehabilitation expenditures. An owner may receive the state tax credits in successive applications for any fiscal year after 2014 if the cost threshold and other program requirements are met. (This differs from the federal program's requirement for a substantial rehabilitation).
- Most **rehabilitation costs** are eligible for the credit, such as structural work, building repairs, electrical, plumbing, heating and air conditioning, roof work, and painting. Architectural and engineering fees, site survey fees, legal expenses, development fees, and other construction-related costs are also qualified expenditures if such costs are reasonable and added to the property basis. Some costs are not eligible for the credit, such as property acquisition, new additions, furniture, parking lots, sidewalks, and landscaping.
- The building must be **placed in service** (returned to use) after the rehabilitation. The tax credit is generally allowed in the taxable year that the rehabilitated property is placed in service or the project is completed. Unused franchise tax credit can be carried forward five years or transferred to another entity. (This differs from the federal program.)

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Report on Historic Preservation Tax Credits in Texas



HISTORIC SITES ATLAS

The Atlas features nearly 300,000 site records,

- The work undertaken as part of the project must meet the [Secretary of the Interior's Standards for Rehabilitation](#). The entire project is reviewed, including interior and exterior work, as well as related demolition and new construction. A project is certified, or approved, only if the overall rehabilitation project is determined to meet the standards.

including markers, historic places, courthouses, cemeteries, museums, and sawmills across the state.

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The Application Process

Importantly, the program requires that an application for the tax credit program—both federal and state—must be submitted **before the project is completed**. The only exception is for projects that were completed between September 1, 2013 and January 1, 2015, which may retroactively apply for the state tax credit.

Note that work may begin prior to the application or approval at the applicant's own risk. Ideally, the application should be submitted during the planning stages of the project so the owner can ensure that the project meets the [Secretary of the Interior's Standards for Rehabilitation](#). We recommend contacting our staff with information about any specific issues as early as questions arise.

The application process consists of three parts, A, B, and C, all of which are submitted directly to the THC and reviewed by the History Programs Division or Architecture Division. Please allow at least 30 days for processing and review of any newly submitted information or application materials.

Please note that Parts B and C of the application require **application fees**. The THC cannot review applications without receiving the appropriate fee. The current fee schedule is located in the downloadable [Application Guide](#). Please be aware that the application fees are **non-refundable** and simultaneous submissions—Part A and Part B together, or Part B and Part C together—are made at the applicant's own risk. If an applicant opts to submit multiple parts of the application simultaneously, **there is no refund given for Part B or Part C application fees in the event a preceding part of the application is denied**.

See below for links to the [state tax credit applications](#).

Part A: Evaluation of Significance

(Corresponds to the federal program's Part 1 application)

The first part of the application determines whether the building currently is listed on the National Register of Historic Places, is designated a Recorded Texas Historic Landmark or State Archeological Landmark, or if it is eligible for listing. If the building is not yet listed but is found to be eligible, the tax credit project may be undertaken while the designation process is pursued. Once the project becomes certified as eligible for the tax credit through the Part C review, an updated Part A application must be submitted. Part A is required for all properties, to determine that they are a "certified historic structure."

Part B: Description of Rehabilitation

(Corresponds to the federal program's Part 2 application)

The second part of the application describes the existing conditions of the property and the proposed scope of work. Photographs must be provided, which fully describe the building and clearly show the condition of all major character-defining features of the building prior to the start of work. The proposed work is evaluated by THC staff for its conformance to the Standards.

Part C: Request for Certification of Completed Work

(Corresponds to the federal program's Part 3 application)

The third part of the application is submitted upon completion of the rehabilitation or scope of work and documents that the work was completed as proposed and in accordance with the Standards. Projects are likely to require a site visit by THC staff for verification. Once the THC determines that the completed work meets the Standards, a Certificate of Eligibility for the state historic tax credit is provided to the owner. This certificate must be presented to the [Texas Office of the Comptroller](#) to receive the state tax credits.

Concurrent Application with the Federal Program

Since the state program is modeled on the federal program, it is fairly easy to apply to both programs at the same time if your project meets each program's application criteria. For concurrent application, submit a completed application for the Texas Historic Preservation Tax Credits along with the complete federal

application. You need only submit a total of two sets of all associated supporting documents as required for the federal application; do not send a separate set for the state program.

If you have already begun the application process for federal tax credits and wish to subsequently apply for the state credits, simply submit the application forms for the Texas Historic Preservation Tax Credit program. You do not need to send another set of supporting documents (photos and plans) if your scope of work is the same.

Read more about the [Federal Tax Credit Program](#).

For a visual view of the application process, please see our [Application Flowchart](#) (PDF).

Application Forms and Instructions

Forms are in fillable PDF format. Click to open the form in your browser and then download or save to your computer.

- [Texas Historic Preservation Tax Credit Application Guide](#) (PDF)
- [Texas Historic Preservation Tax Credit Application Part A: Evaluation of Significance](#) (PDF)
- [Texas Historic Preservation Tax Credit Application Part B: Description of Rehabilitation](#) (PDF)
- [Texas Historic Preservation Tax Credit Application Part C: Request for Certification of Completed Work](#) (PDF)
- [Texas Historic Preservation Tax Credit Application Amendment and Advisory Determination Form](#) (PDF)

For More Information

More information about the Texas Historic Preservation Tax Credit Program and [Federal Historic Preservation Tax Credit Incentives](#) is available on this website. To understand the eligibility differences between the federal program and the state program, please view our [Preservation Tax Incentives Comparison Chart](#) (PDF).

Please see our new [Tax Credits Frequently Asked Questions](#) page as a good starting point, and see the THC's [Administrative Rules](#) for overseeing the tax credit.

Tax credit project requirements for the federal and state programs include NPS and IRS regulations, as well as Texas regulatory requirements, and can be complex. THC staff can assist property owners in understanding and applying for the credits.

Please note that THC staff cannot give tax advice or determine if a particular owner is eligible to receive the credit. Consult a tax advisor regarding the IRS regulations and their implications for your particular tax situation.

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