Texas Historic Preservation Tax Credit

About the Program

The Texas Historic Preservation Tax Credit program offers significant financial incentives that are specifically intended to stimulate the revitalization and reuse of historic buildings and downtown areas. It helps historic property owners maximize return on investment (ROI) by offsetting a portion of their structures’ rehabilitation costs.

Benefits

The owner of a certified historic structure can qualify for a credit of 25% of a project’s eligible rehabilitation costs. The minimum dollar-spend required to apply for a tax credit is $5,000. This credit can be used to offset a Texas Franchise Tax liability and can be easily sold or transferred.

The Federal Historic Tax Credit offers a 20% tax credit for the rehabilitation of historic buildings. If a project qualifies, both the state and federal credits can be paired together for an even greater benefit. When possible, applicants are encouraged to maximize their financial incentives by applying to both programs simultaneously.

Eligibility

To be eligible, a property must:

- Be listed individually on the National Register of Historic Places (NRHP)
- Contribute to the historical significance of a historic district listed on the NRHP or a certified local district
- Be designated a Texas Historic Landmark or a state antiquities landmark
- Be income producing (commercial, industrial, rental, agricultural, etc.)

Additional Requirements

- A Texas Historic Tax Credit Application can be filed anytime, but preferably before construction starts.
- A Texas Historic Tax Credit Application must be received prior to the project being completed; otherwise, it is ineligible.
- Before and after photos of the eligible rehabilitation costs are required when filing an application.
- Minimum project spend must be $5,000.

Examples of Qualified Rehabilitation Expenses*

- Ceilings
- Chimneys
- Doors
- Electrical Wiring/Lighting
- Escalators/Elevators
- Fixtures
- Floors
- HVAC
- Paneling
- Partitions
- Plumbing
- Sprinkler Systems
- Stairs
- Tiles
- Walls
- Windows

*List for representation purposes only and is not all-inclusive.
Project Example

This renovation project for a historic hotel had a total budget of $7.2 million. Of this amount, $4 million counted as Qualified Rehabilitation Expenses. Thus, it was eligible for a $1 million tax credit, which helped facilitate successful completion of the project.

How Ryan Can Help

Successfully applying for a Texas Historic Preservation Tax Credit requires unique knowledge of both construction and finance. Many applicants do not understand the complexity of the process and fail to take full advantage of all the program offers. Call Ryan’s experienced team of professionals today to help you seamlessly maximize your Historic Preservation Tax Credit savings.