Iowa's Historic Preservation and Cultural and Entertainment District Tax Credit

Tax Credits Program Evaluation Study

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Preface

During the 2005 Legislative Session the Iowa Department of Revenue received an appropriation to establish the Tax Credits Tracking and Analysis Program to track tax credit awards and claims. In addition, the Department was directed to assist the legislature by performing periodic economic studies of tax credit programs. This is the second economic study completed for the Historic Preservation and Cultural and Entertainment District Tax Credit.

As part of the evaluation, an advisory panel was convened to provide input and advice on the study's scope and analysis. We wish to thank the members of the panel:

David Adelman	Cornerstone Government Affairs
Jake Christensen	Christensen Development
Mary Cownie	Iowa Department of Cultural Affairs
Biswa Das	Iowa State University
Steve King	Iowa Department of Cultural Affairs
Bulent Uyar	University of Northern Iowa

The assistance of an advisory panel implies no responsibility for the content and conclusions of the evaluation study.

This study contains information gathered from the Historic Preservation Tax Credits Survey. The survey was introduced in July 2009. Survey responses came directly from applicants for the Historic Preservation Tax Credit. The survey information discussed in this evaluation comes solely from the applicants and it does not come from an audit by the Iowa Department of Cultural Affairs or the Iowa Department of Revenue.

Furthermore, this study contains descriptions of some components of the Historic Preservation Tax Credit program. Nothing in this study should be construed as legal advice or guidance about the program. This information is provided solely to give the reader of this study background on certain elements of the program. Summaries of the Historic Preservation Tax Credit laws and regulations in this study are not binding on the Iowa Department of Cultural Affairs, the Iowa Department of Revenue, or the State of Iowa.

This study and other evaluations of Iowa tax credits can be found on the Tax Credits Tracking and Analysis Program web page on the Iowa Department of Revenue website.

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Executive Summary

The Iowa Historic Preservation and Cultural and Entertainment District Tax Credit was enacted in tax year 2000. The tax credit was established to help with the costs of rehabilitating certain historic buildings, to ensure that character-defining features and spaces of buildings are retained, and to revitalize surrounding neighborhoods.

The tax credit equals 25 percent of the qualified rehabilitation expenditures incurred for the substantial rehabilitation of eligible commercial and residential property in Iowa. The Historic Preservation and Cultural and Entertainment District Tax Credit, which is administered by the Iowa Department of Cultural Affairs, is fully refundable and transferrable. The annual tax credit award cap is currently $45 million.

The tax credit program was modified during the 2014 Legislative Session, as a result of the enactment of HF 2453. The Iowa Department of Cultural Affairs and the Iowa Department of Revenue have written administrative rules that will govern rehabilitation projects that are subject to HF 2453. Those administrative rules are currently going through notice and comment rulemaking in accordance with the Iowa Administrative Procedure Act. This study does not cover HF 2453 and the proposed regulations to implement HF 2453. No tax credits have been issued under HF 2453.

The major findings of the study are these:

Federal and Other States' Historic Preservation Tax Credit Programs

- The Federal Historic Preservation Tax Incentives Program offers a tax credit equal to 20 percent of project costs for the qualified rehabilitation of certain historic buildings for income-producing uses. In fiscal year 2013, 49 of 1,155 approved projects were located in Iowa.

- Including Iowa, 35 states have established tax credit programs dedicated to the preservation of historic properties with tax credit rates ranging from 5 percent to 100 percent. Seventeen other states have tax credit rates matching Iowa's 25 percent.

- There are 19 states that have established a project award cap limiting the amount of tax credits awarded to a single project. Eleven states have established an overall program award cap. Iowa does not have a project award cap but has the second highest program annual award cap of $45 million, below the $50 million cap in Massachusetts.

- Fifteen states, including Iowa, allow the tax credits to be transferred and in eight states, including Iowa, the tax credits are refundable.

- Among Iowa's neighboring states, Illinois, Minnesota, Missouri, and Wisconsin offer historic preservation tax credits; Nebraska recently enacted a tax credit available for 2015 through 2018.

Historic Preservation Tax Credit Reservations and Awards

- Under the award caps for fiscal years 2001 through 2016, over $348 million in Historic Preservation Tax Credits have been reserved for 758 different projects in Iowa.

- Through the end of fiscal year 2014, 540 Historic Preservation Tax Credits have been issued to 292 unique projects, totaling $196 million.

- Awarded projects were spread across 52 counties in Iowa. The credits are concentrated among urban counties with Polk, Dubuque, Scott, and Linn accounting for nearly 72 percent of total awards. Among the 292 projects, 50 were located in Polk County, totaling $46.9 million and accounting for 23.9 percent of total awarded tax credits, which was the highest among all counties.

Historic Preservation Tax Credit Transfers

- There were 174 transfers of original tax credit certificates between January 2007 and November 2014. The total tax credits transferred was $104.2 million, 53.1 percent of total awards.

- Among those transferred tax credits, $37.4 million (35.9%) was transferred to banks to be claimed against Iowa franchise tax, $27.2 million (26.1%) was transferred to corporations to be claimed against corporation income tax, $24.2 million (23.2%) was transferred to individuals to be claimed against individual income tax, and $15.5 million (14.8%) was transferred to insurance companies to be claimed against insurance premium tax.

Historic Preservation Tax Credit Claims

- Between tax years 2006 and 2013, there were 540 Historic Preservation Tax Credit claims exceeding $132.4 million.

- Among the 540 claims, $31.7 million (23.6%) was made against Iowa individual income tax, $63.3 million (47.1%) was made against Iowa corporation income tax, $25.4 million (18.9%) was made against Iowa franchise tax, and $14.0 million (10.4%) was made against Iowa insurance premium tax.

- Between tax years 2007 and 2013, about $105.8 million (78.8%) of total claims were refunded to taxpayers.

Historic Preservation Tax Credit Survey Analysis

- Between July 2009 and June 2014, applicants for 158 unique Historic Preservation Tax Credit projects completed the Iowa Department of Revenue survey, submitted final tax credit applications, and received awards from the Department of Cultural Affairs. The survey information discussed in this evaluation comes solely from the applicants and it does not come from an audit by the Iowa Department of Cultural Affairs or the Iowa Department of Revenue. On the surveys, the applicants reported total project funding of $621.7 million, and estimated Iowa Historic Preservation Tax Credits of $119.7 million, accounting for 19.3 percent of the total project funding.

- These 158 projects were categorized into five project types based on the reported uses of the properties after rehabilitation: residential, residential rental, commercial, mixed use, and non-commercial. Mixed use projects accounted for 37.7 percent of the total project funding ($234.5 million), the highest among all project types. Residential projects accounted for 5.3 percent of the total project funding ($32.8 million), the lowest among all project types.

- Between July 2009 and June 2014, an average of 84.3 percent of total project expenditures were reported to be spent on Iowa sourced goods and services. Among the five project types, residential projects spent 87.3 percent of expenditures in Iowa, the highest share. Commercial projects had the lowest Iowa share at 82.9 percent.

- Projects located in border counties made more purchases from out of state than projects located in non-border counties. The Iowa share of labor costs was 82.2 percent for projects from border counties and 90.7 percent for projects from other counties. The Iowa share of material costs was 73.1 percent for projects from border counties and 90.7 percent for projects from other counties. Iowa share of other costs was 73.1 percent for projects from border counties and 83.8 percent for projects from other counties.

Economic Impacts of the Historic Preservation Tax Credits

- Prior to rehabilitation during 2008 and 2012, 44 commercial, mixed use, and non-commercial projects were identified to be occupied by 80 businesses employing a total of 1,277 employees, based on Iowa Workforce Development data. After rehabilitation, 74 businesses were found to utilize 42 project properties and to employ a total of 1,145 employees.

- The average annual wage for employees working at project properties was $31,378 prior to the rehabilitation and $38,048 after the rehabilitation. The growth rate was 21.3 percent, compared to the average wage growth rate of 14.8 percent between 2007 and 2013 in Iowa.

- Based on Iowa Department of Revenue sales tax data, between 2008 and 2012, 13 commercial, mixed use, and non-commercial projects were identified to have annual sales revenue prior to rehabilitation totaling $1.9 million, generating $0.1 million of State sales tax revenue. After completing rehabilitation, the total annual sales revenue rose to $8.5 million (351.7%), generating about $0.8 million of sales tax revenue.

- Using the REMI model, the economic impact of the Historic Preservation Tax Credits awarded during FY 2010 through 2014 was estimated. The first estimate was based on the assumption that if there were no tax credit awards zero rehabilitation expenditures would have been spent on the historic projects but new construction would have occurred to create the same spaces. It was estimated that for every million dollars of rehabilitation expenditures between 2005 and 2013 for projects receiving tax credits, about 5 more jobs were supported and $0.18 million of personal income was added to the economy.

- Using the REMI model, the second estimate was based on the assumption that if there were no tax credit awards, zero rehabilitation expenditures would have been spent and no new construction would have occurred to create the same spaces. It was estimated that for every million dollars of rehabilitation expenditures between 2005 and 2013 for projects receiving tax credits, about 21 more jobs were supported and $0.79 million of personal income was added to the economy.

I. Introduction

The Historic Preservation and Cultural and Entertainment District Tax Credit was enacted to encourage the rehabilitation of historic properties in Iowa. These preservation activities ensure that character-defining features and spaces of buildings are retained in Iowa communities. The Iowa Department of Cultural Affairs administers the tax credit.

Section II describes the program. The Federal Historic Preservation Tax Incentives Program and historic preservation tax credit programs from other states are introduced in Section III. Research on the economic and environmental impact of property rehabilitation tax credits are summarized in Section IV. Section V provides descriptive statistics of tax credit awards, transfers, and claims. Section VI discusses the self-reported information from the Historic Preservation Tax Credit Survey. Economic activities at the project properties and neighboring properties are discussed in Section VII. The final section concludes.

II. Description of the Iowa Historic Preservation and Cultural and Entertainment District Tax Credit

Iowa's Historic Preservation and Cultural and Entertainment District Tax Credit (Historic Preservation Tax Credit) was enacted during the 2000 Legislative Session and became effective July 1, 2000. This tax credit, administered by the Department of Cultural Affairs (DCA) through the State Historic Preservation Office (SHPO), was established to help with the costs of rehabilitating historic buildings, to ensure that character-defining features and spaces of buildings are retained, and to revitalize surrounding neighborhoods. The tax credit equals 25 percent of the qualified rehabilitation expenditures (QRE) incurred for the substantial rehabilitation of eligible property in Iowa, where QRE is defined in accordance with the Federal Historic Preservation Tax Incentives Program. Substantial rehabilitation for commercial property means rehabilitation expenditures must equal at least $50,000 or 50 percent of the assessed value of the property, prior to rehabilitation, excluding the value of the land, whichever is less. For residential property or barns, in order to meet the standard of substantial rehabilitation, rehabilitation expenditures must equal at least $25,000 or 25 percent of the property's assessed value, prior to rehabilitation, excluding the land, whichever is less.

The Historic Preservation Tax Credit has been modified multiple times since its enactment (see Table 1). In 2000, the annual award cap for the program was established at $2.4 million for fiscal year 2001 awards. The cap was raised to $6.4 million effective for fiscal year 2006. In 2007, the cap was increased to $10 million for fiscal year 2008, $15 million for fiscal year 2009, and $20 million for fiscal year 2010 and subsequent years. In 2009, the cap was increased again to $50 million per year starting in fiscal year 2010; however, the additional $30 million of tax credits were limited to reservations for tax years beginning on or after January 1, 2010. Similar restrictions were placed on fiscal years 2011 and 2012. With the economic slowdown in

2010, the cap was reduced 10 percent to $45 million per year beginning in fiscal year 2013.

Along with the increase in the annual program cap over time, the originally nonrefundable tax credit was made transferrable in 2003, allowing tax credit recipients to sell the tax credits to third parties who could claim them against their Iowa tax liability. Initially, recipients of the tax credit also had the option to claim the credit as a partially refundable credit, receiving up to 75 percent of the awarded amount. Effective for tax year 2007, the credit was made fully refundable, which allows the taxpayer to receive a refund from the State when the tax credit claim amount exceeds tax liability. The tax credit could originally be claimed against individual income and corporation income taxes; eligibility was expanded to franchise tax (paid by financial institutions), moneys and credits tax (paid by credit unions), and insurance premium tax in 2002.

A property must meet one of the following criteria to be eligible for the tax credit:

- The property is listed on the National Register of Historic Places or is eligible for such a listing.
- The property is designated as having historic significance to a district listed in the National Register of Historic Places or is eligible for such a listing.
- The property or district is designated as a local landmark by a city or county ordinance.
- The property is a barn constructed before 1937.

Program administration was largely rewritten during the 2014 Legislative Session. Because the awards and claims discussed in this study were made under the administrative process that was developed between 2001 and 2014, the program administration prior to the 2014 legislation is described in detail before the new legislation is described.

A. The Historic Preservation Tax Credit Program Prior to the 2014 Legislative Changes

As the program expanded, the Historic Preservation Tax Credit award cap was divided into multiple funding groups. Effective in 2013, 10 percent of the $45 million was reserved for small projects, defined as projects with final QRE of $500,000 or less before 2013 and $750,000 or less after 2013; 30 percent was to be awarded to projects in cultural and entertainment districts or an Iowa Great Place (CED-GP); 20 percent was to be awarded to disaster recovery projects (Disaster); 20 percent was to be awarded to projects involving the creation of more than 500 new permanent jobs (Jobs); and the remaining 20 percent was available for any eligible projects (Statewide). If demand for any of the categories, except for the small project category, was below the established percentage, those unused funds could be rolled over and reserved for any eligible project effective for that same fiscal year.

The Historic Preservation Tax Credit application consisted of three parts. Part 1 of the application identified a project's eligibility, such as a building's historic significance. Part 2 provided a detailed description of the rehabilitation project which had to meet the

Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (Standards). Part 3 certified that the completed work met the Standards. After receiving a completed application for any part, the State Historic Preservation Office had a 90-day period to review the application, except that the application for Part 3 would not be reviewed until the application for Part 2 had been approved.

Once the application for Part 2 was approved a tax credit could be reserved for the project, where the reserved tax credit amount was based on 25 percent of the estimated QRE specified in the application. However, the reservation does not guarantee that the tax credit will be awarded. For the small project category, applications were accepted and reviewed throughout the fiscal year until all available credits from that fund were reserved. Each fiscal year, 10 percent of the total award cap was reserved for small projects, leaving 90 percent for applications for projects exceeding the small project size. Tax credits could be reserved for three future fiscal years, but if a project was completed prior to the start of the reservation fiscal year, the tax credits could not be claimed until the tax year in which the start of that fiscal year falls.

Because the total tax credits requested in the applications in these categories usually exceeded the 90 percent of the annual cap of tax credit awards available for large projects, large project applications were only accepted between July 1 and July 31 each fiscal year. These applications had to go through a two-step sequencing process to receive reserved tax credits.

In the initial sorting process, each application was assigned to one of three categories and then one of two subcategories. The three categories included:

- Category A was comprised of two subcategories in the following order: (1) Projects that were reviewed and approved in the previous year's sequencing process, but did not receive a reservation for the full 25 percent of their qualified rehabilitation costs under the cap in the program; and (2) Projects with final qualified rehabilitation costs documented in Part 3 of the application in excess of the estimated rehabilitation costs in Part 2 and which could not be otherwise reserved from available credits in the appropriate fund at the time of project completion.
- Category B was comprised of projects for which Part 2 of an application was submitted and included in the prior year's sequencing system, but did not receive a tax credit reservation. Category B projects were divided into subcategories arranged in the following order: (1) Projects that were in every previous fiscal years' sequencing system and did not receive a tax credit reservation; and (2) Projects that were not submitted in every previous fiscal year.
- Category C was comprised of projects with Part 2 applications not meeting the requirements for the first two categories including those projects applying for the first time.

After the initial sorting process, the secondary sequencing process used a random number generator to assign unique, random numbers to all applications that were

eligible for inclusion in the review sequencing system within each category and subcategory of the initial sequencing system. Applications within each category and subcategory were placed in numeric order from lowest to highest. Category A applications were sequenced, reviewed, and reserved first, category B applications were sequenced, reviewed, and reserved next, and category C applications were last.

Following reservation of category A projects, category B projects were assigned to the appropriate funding group and reviewed and reserved in the following order: CED-GP, Jobs, Disaster, and Statewide. Any tax credits that had not been reserved in a particular funding group once all available projects were considered would then be rolled over to the Statewide fund. If a fund was exhausted before the completion of reservation for that fund, all remaining projects in that fund would be eligible for the Statewide fund. The tax credit could be reserved out for three fiscal years. For example, in July 2013, tax credit reservations were made under the $45 million program cap for fiscal year 2016.

Projects receiving a reservation had 72 months to complete the rehabilitation work. When a project was completed, a Part 3 application was submitted. After the Part 3 was reviewed and approved by DCA, the applicant would receive a tax credit certificate specifying the tax credit amount and the tax credit certificate number which are needed to claim the tax credit on an Iowa tax return for the tax year which included the start of the fiscal year for which the tax credits were reserved or the tax year in which the project was completed, whichever is later. If final project QRE exceeded the estimated cost provided on the Part 2 application, additional tax credits could be awarded in the next State fiscal year in which tax credits were available. If reserved tax credits were unused for the current fiscal year, the unused tax credits would be reallocated to other funding groups, defined as rollover.

B. The Historic Preservation Program After the 2014 Legislative Changes

The historic tax credit program was modified during the 2014 Legislative Session as a result of the enactment of HF 2453. The Iowa Department of Cultural Affairs and the Iowa Department of Revenue have written administrative rules that will govern rehabilitation projects that are subject to HF 2453. Those administrative rules are currently going through notice and comment rulemaking in accordance with the Iowa Administrative Procedure Act. This study does not cover HF 2453 and the proposed regulations to implement HF 2453. No tax credits have been issued under HF 2453.

HF 2453 changed the allocation of tax credit awards from a lottery system to a readiness-based scoring system. All funding groups except small projects were eliminated with the set aside for small projects changed to at least 5 percent of total awards each fiscal year. If a tax credit is revoked, the revoked amount can generally be reallocated to other projects within the fiscal year in which it was revoked. If there are nonawarded tax credits at the end of a fiscal year, up to 10 percent of the annual cap, $4.5 million, can be rolled over for allocation in the next year.

HF 2453 also capped tax credits for each project by specifying that the final QREs for which tax credits can be awarded cannot exceed the estimated QREs set in the approved application by 15 percent for small projects, 10 percent for projects with expenditures between $750,000 and $6 million, and 5 percent for projects over $6 million.

III. Federal and Other States' Historic Preservation Tax Credit Programs

A. Description of the Federal Historic Preservation Tax Incentives Program

Since 1976, federal law has provided a tax credit equal to 20 percent of QRE for the qualified rehabilitation of certain historic buildings for income-producing uses. The federal program is administered by State Historic Preservation Offices (SHPO) and by the Technical Preservation Service, which is a part of the National Park Service under the U.S. Department of Interior (DOI), along with the Internal Revenue Service (IRS). As noted previously, in Iowa, SHPO is part of DCA.

To be eligible for the federal program, a building must be designated as historic. To qualify as historic, a building must be listed individually in the National Register of Historic Places, be a contributing building of a historic district that is listed in the National Register of Historic Places, or be a contributing building of a Local Historic District that has been certified by DOI as substantially meeting National Register criteria.

The Federal Historic Preservation Tax Incentives Program is limited to income-producing, depreciable property (either commercial or residential rental property). Therefore, a personal residence does not qualify for the federal credit. The rehabilitation must meet the definition of a substantial amount of investment. During a 24-month period selected by the taxpayer, rehabilitation expenditures must exceed the greater of $5,000 or the adjusted basis of the building and its structural components.[1] QRE for the federal credit include renovation costs, such as labor costs and material costs, for work undertaken on the historic building, as well as architectural and engineering fees, legal expenses, development fees, and other construction-related costs, if such costs are added to the basis of the property and are determined to be reasonable and related to the services performed. Acquisition costs, furnishing costs, new additions that expand the building, new building construction, parking lots, sidewalks, and landscaping are not QRE under the federal program.

The Federal Historic Rehabilitation Tax Credit is nonrefundable, which means that claimants can only use tax credits up to their federal tax liability. Any remaining credits can be carried back one year and forward 20 years, or until the credit is exhausted, whichever is sooner. The federal tax credit is not transferrable.

[1] The U.S. Department of the Interior defines the adjusted basis of the building as equal to the purchase price of the property less the cost of the land at the time of purchase less depreciation taken for an income-producing property plus the cost of any capital improvements made since purchase.

In fiscal year 2013, the National Park Service approved 1,155 Part 2 applications from projects nationwide, representing an estimated $6.7 billion of investment to restore and rehabilitate historic buildings (National Park Service, 2014). The total tax credits allocated for these 1,155 projects were $1.3 billion. Of that national total, there were 49 approved projects in Iowa, with the estimated total qualified expenditures of $125.7 million.

B. Description of Other States' Historic Preservation Tax Credits

As of December 2014, 34 states (including Iowa) have tax credits for preservation of historic properties. Effective in calendar year 2015, Nebraska will also offer a tax credit. Most states award tax credits to both qualified private residential and commercial historic properties (see Table 2). Vermont is the only state which does not award tax credits to private residential properties. Utah, West Virginia, and Wisconsin do not award tax credits to commercial properties.

The vast majority of states offer credits between 5 percent and 50 percent of QRE, with 17 other states matching Iowa's 25 percent tax credit. Delaware has the highest percentage (100 percent) for certified historic properties which are kept or taken care of by residents (resident curatorship). Montana offers a tax credit equal to 25 percent of the federal tax credit received by the applicants. Because the federal tax credit is 20 percent of QRE, Montana's tax credit is effectively about 5 percent of QRE, which is the lowest tax credit rate among all 34 states.

To qualify for tax credits, 28 states impose minimum expenditure requirements on historic preservation projects. Seven states do not have such requirements.[2] Thirteen states only require the QRE of historic rehabilitation expenditures to exceed a certain amount.[3] The other 15 of the 28 states require the QRE to exceed either a certain amount or a percentage of the property value. Iowa requires that QRE for commercial property must equal at least 50 percent of the assessed value of the property prior to rehabilitation, excluding the value of the land. For Iowa residential property or barns, in order to meet the standard of substantial rehabilitation, QRE must equal the least of $25,000 or 25 percent of the property's assessed value prior to rehabilitation, excluding the land. Iowa's requirements are relatively high among states since most states set the minimum expenditure requirement at $5,000.

There are 19 states that have established a project award cap limiting the amount of tax credits awarded to a single project for at least some types of projects. Seven states have project award caps equal to $5 million, the highest cap among all the states.[4] Connecticut, Maine, Ohio, and Rhode Island apply the project award cap to both commercial and residential projects. Alabama, Louisiana, and New York only apply the award cap to commercial projects. Wisconsin has an award cap of $10,000 for residential projects, which is the lowest cap for residential projects among all the states.

[2] Connecticut, New Mexico, North Dakota, Ohio, Pennsylvania, West Virginia, and Wisconsin

[3] Arkansas, Colorado, Delaware, Indiana, Kansas, Kentucky, Louisiana, New York, North Carolina, South Carolina, Texas, Utah, and Vermont

[4] Alabama, Connecticut, Louisiana, Maine, New York, Ohio, and Rhode Island

New Mexico has a project award cap of $25,000 for all projects outside Arts and Cultural Districts, which is the lowest cap applicable to commercial projects. Iowa does not have a project award cap.

Eleven states, including Iowa, have established an overall program award cap.[5] Of these states, Massachusetts has the highest program award cap of $50 million every year. The lowest program award cap exists in Indiana at $250,000 per year. Iowa has a $45 million program award cap. While Ohio does not have an award cap for the program, it has a restriction that no more than 100 projects can be awarded tax credits every year. Only eight states have both a project award cap applicable to at least some projects and a program award cap.[6] Iowa, Massachusetts, and Vermont have only a program award cap.

Fifteen states, including Iowa, allow the tax credits to be transferred, which means entities that have received tax credit awards can sell their tax credits to other taxpayers.[7] Among these 15 states, Louisiana has a requirement that limits transferability to tax credits awarded to commercial projects. Iowa is one of eight states with a refundable credit, which means that claimants can receive a tax refund if their tax credit exceeds their tax liability.[8] Louisiana and New York offer refundability only for residential projects. Only Iowa offers both transferability and refundability for all projects. Michigan also used to offer both transferability and refundability, but its state historic preservation tax credit program was terminated effective January 1, 2012.

Illinois is the only state with a nonrefundable tax credit that does not allow unused tax credits to be carried forward to future tax years to offset future tax liabilities. Most states set the carry forward period between 4 and 20 years. Nebraska and New York allow unused tax credits awarded to some projects to be carried forward for an unlimited number of future tax years until all tax credits are claimed. Louisiana only allows unused tax credits awarded to residential projects to be carried forward for 5 years and does not allow carryforward for tax credits awarded to commercial projects. Missouri not only allows the unused tax credits to be carried forward for 10 years, but also permits them to be carried back for 3 years, which means that the unused tax credits could be used to offset Missouri tax liabilities in previous years.

Among Iowa's neighboring states, Illinois, Minnesota, Missouri, Nebraska, and Wisconsin offer historic preservation tax credits, with Nebraska offering credits beginning in 2015. Minnesota has a tax credit rate of 20 percent. The rate of the credit for the other three states matches Iowa at 25 percent. Only Minnesota allows the tax credits to be refunded, and no neighboring states allow the credits to be transferred. None of the existing programs have a project award cap or an annual program award cap, although Nebraska will have a $15 million cap for calendar years 2015 through

[5] Alabama, Connecticut, Delaware, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Nebraska, Pennsylvania, and Vermont
[6] Alabama, Connecticut, Delaware, Indiana, Kentucky, Maryland, Nebraska, and Pennsylvania
[7] Alabama, Arkansas, Connecticut, Delaware, Georgia, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Nebraska, Oklahoma, Pennsylvania, Rhode Island, and Texas
[8] Iowa, Louisiana, Maine, Maryland, Minnesota, Mississippi, New York, and Ohio

2018. However, Wisconsin recently suspended their historic preservation tax credit temporarily because of the much higher than anticipated volume of applications.

IV. Literature Review

In recent years, twelve states have conducted studies to estimate the economic impacts of their state historic preservation tax credit programs. Most studies utilized economic model software derived from input-output models, such as IMPLAN[9], RIMS II[10], or PEIM[11], to estimate the impact of historic preservation projects financed, in part, by the state tax credits measured in terms of jobs supported and increased personal income (see Table 3). Estimated impacts varied across the studies because of different assumptions and different rehabilitation expenditure amounts used as inputs in the models. One common assumption across the studies was that the rehabilitation projects would not have occurred if the historic preservation tax credits were not awarded.

Colorado's study results (Clarion Associates of Colorado, 2011) suggested that 32 jobs were created for every million dollars of rehabilitation expenditures supported with tax credits, the highest jobs estimate among all twelve studies. The lowest jobs estimate, about eight jobs per million dollars spent, was for the Commonwealth of Virginia (Accordino and Fasulo, 2014). The impact on personal income was estimated to be less than one dollar per dollar of rehabilitation expenditures in every study. Virginia's study reported the lowest estimate of a 40 cent personal income increase for every dollar of rehabilitation expenditures supported with tax credits. Connecticut's study (PlaceEconomics, 2011) reported the highest estimate of an 83 cent personal income increase for every dollar of rehabilitation expenditure.

Missouri's study methodology (Coffin, Ryan, and McCall, 2010) differed from the other studies. The study did not directly use an input-output model to estimate the statewide economic impacts, but rather compared actual growth rates between cities using the credits and comparable cities in a neighboring state with no credit. The study selected Missouri cities with rehabilitation projects funded by the state's historic preservation tax credit to be in the focus group. For each Missouri city in the focus group, a city from neighboring Illinois with similar history, economic growth, demographic characteristics, and geographic location was chosen to be in the control group. The study examined the economic growth in both the focus group and the control group between 2000 and 2009, finding that economic growth in the focus group was greater during that period. The study attributed the difference in growth rates to the rehabilitation projects funded by the Missouri Historic Preservation Tax Credit.

[9] IMpact Analysis for PLANing, a commercial economic impact input-output model
[10] Regional Input-Output Modeling System, a multiplier input-output model developed by the Bureau of Economic Analysis
[11] Preservation Economic Impact Model, a multiplier methodology that calculates economic impacts, created by the Center for Urban Policy and Research at Rutgers University

The literature also addresses environmental impacts of historic preservation. Paull (2009) directly estimated the environmental and energy conservation impacts of the Maryland Historic Rehabilitation Tax Credit Program. Compared to suburban housing development, rehabilitation projects supported with tax credits, mostly in urban areas with high population density, were estimated to reduce vehicle miles traveled (VMT) by 30 to 40 percent in the region between 1996 and 2008. Consequently, corresponding carbon dioxide emissions were reduced between 13,700 and 21,200 metric tons during that period. The energy savings were estimated to be 11.2 million Million British Thermal Unit (MBTU), because of savings in gasoline and heating energy usage. Rehabilitation projects, due to their urban locations with high population densities, preserved an estimated 1,053 acres of greenfields that otherwise may have been developed for suburban homes in Maryland.

Several studies (George Washington University, 2001; De Sousa, 2006) have also evaluated the environmental impacts of rehabilitation projects that received public subsidies including tax credits not specifically targeting historic preservation in the United States. Evidence that the redevelopment of existing properties as compared to the development of new construction can save space and reduce greenhouse gas emissions was reported. George Washington University (2001) studied the building and zoning codes in six cities (St. Louis, Missouri; Lowell, Massachusetts; Burlington, Vermont; Baltimore, Maryland; Richmond, Virginia; and Sacramento, California). Renovating an existing building was found to use less land than developing a new project. The researchers found that an estimated average of 4.5 acres would be needed to provide the same building space for commercial purposes as could be made available through redeveloping one acre of an existing building. De Sousa (2006) surveyed the renovation projects for residential use in Chicago and Milwaukee. The author found that the number of housing units per acre provided by the renovation project was higher than that provided by the new project because renovation projects were concentrated in high density areas in the cities.

Rehabilitation projects were also estimated to generate lower air pollution emissions, such as nitrogen oxides (NOX) and volatile organic compounds (VOC), than those generated by new projects. The U.S. Conference of Mayors (2001) surveyed Baltimore and Dallas to compare NOX and VOC emissions. In Baltimore, VOC emissions from rehabilitation projects were on average 36 percent lower than those from new projects and NOX emissions from rehabilitation projects were 40 percent lower. In Dallas, VOC emissions from rehabilitation projects were, on average, 73 percent lower than those from new projects and NOX emissions from rehabilitation projects were 87 percent lower.

V. Analysis of Iowa Historic Preservation Tax Credit Awards and Claims

A. Historic Preservation Tax Credit Reservations and Awards

Between July 1, 2000 and August 2014, $348.9 million of Iowa Historic Preservation Tax Credits have been reserved under the award cap for fiscal year 2001 through fiscal

year 2016 (see Table 4). The total number of projects with reservations is 758 with an average reserved amount of $460,284. The amount of reserved tax credits exceeded $49 million in fiscal year 2011, the highest amount between 2001 and 2016, before the legislative change effective in fiscal year 2013 reduced the annual award cap from $50 million to $45 million.

Not all projects that have received tax credit reservations made under the caps for fiscal years 2001 through 2016 have been awarded tax credits through the end of fiscal year 2014. Of the 758 reservations, 540 Historic Preservation Tax Credits have been awarded to 292 unique projects, totaling $196.1 million (see Table 5). Some projects received more than one award because they had multiple phases with one award for each phase, had a cost overrun resulting in an additional tax credit award, or DCA had to split the original tax credit award into multiple awards due to the annual award cap for the program. The total awarded amount is 56.2 percent of total reserved tax credits, with nearly 100 percent of reservations for fiscal years 2001 through 2009 awarded, but only 11 to 87 percent of reservations for fiscal years 2010 through 2016 awarded. The lower rates reflect the fact that many projects with recently reserved tax credits are not yet completed, while others may never be completed. The average award amount was $363,234, lower than the average reserved tax credit, partially because of multiple awards being issued for the same project. The average total Historic Preservation Tax Credit award per project was $671,734.

Among the funding groups, there were 177 (32.8%) tax credits awarded to small projects through fiscal year 2014, higher than any other group (see Table 6). However, while accounting for the largest number of awards, small projects only accounted for $7.2 million (3.7%), the lowest among all groups. This makes sense because these projects by definition involve lower QRE; the average small project award is $40,732 compared to averages above $350 thousand for all other funding groups. CED-GP projects received 104 (19.3%) awards totaling $75.7 million, accounting for 38.6 percent of the total awarded tax credit amount, the highest among all funding groups. The rollover group includes unused awards under other funding groups which had been reallocated to projects falling into statewide applications.

Awarded projects were spread across 52 counties in Iowa. The projects are concentrated among urban counties with Polk, Dubuque, Scott, and Linn accounting for nearly 72 percent of the awarded tax credits (see Table 7). Among the 292 projects, 50 were located in Polk County, with awards totaling $46.9 million and accounting for 23.9 percent of total awarded tax credits, the highest among all counties. Projects in the next highest nine counties received 64.7 percent of total awards. The combined awarded tax credits for projects located in the other 42 counties accounted for 11.4 percent of total awarded credits ($22.4 million). Compared to other regions in Iowa, the northern part of the state received the lowest amount of awards (see Figure 1).

The Census Bureau defines rural counties as counties of fewer than 50,000 people. Using the 2010 Census population estimation data by county, Iowa counties, except for Polk, Linn, Scott, Black Hawk, Johnson, Woodbury, Dubuque, Pottawattamie, Story,

and Dallas County, are all rural counties. The share of awards issued to projects in Iowa's rural counties accounted for 15.7 percent of total awards.

Because awards are concentrated in urban areas, a better measure of how these State benefits were spread across the state is a per capita measure. To measure the per capita Historic Preservation Tax Credit awards, the amount of tax credits awards by county is divided by county population (see Figure 2). The total tax credit award per capita was $439 for Dubuque, the highest among all counties. The other three counties with a per capita award of more than $200 were Adair ($233), Adams ($219), and Scott ($203). Twelve counties had between $50 and $200 in per capita awards, including Polk and Linn counties, and another 22 counties had between $5 and $50.

Although only the small projects funding type is defined by project size, it is also informative to analyze projects from other funding groups using project size based on estimated total project expenditures. Among the 292 awarded projects, the 143 projects with estimated total project expenditures below $500,000 received 212 awards, totaling $8.7 million and accounting for only 4.5 percent of the total award amount (see Table 8). These 212 awards included not only small project awards, but also projects from other funding types, such as statewide, disaster, rollover, and CED/GP. The largest 12 projects, each with more than $10 million of estimated project expenditures, were awarded nearly $64 million of tax credits accounting for 32.6 percent of total awards. The 32 projects with estimated project expenditures between $5 million and $10 million received 88 awards totaling $60.2 million, accounting for 30.7 percent of the total award amount. Seventy-one projects had estimated project expenditures between $500,000 and $2.5 million while 34 projects had estimated project expenditures between $2.5 million and $5 million.

B. Historic Preservation Tax Credit Transfers

As noted in Section II, the Iowa Historic Preservation Tax Credit can be transferred. Some taxpayers receiving awards prefer to sell the tax credits at a discount to other taxpayers in order to obtain capital upfront instead of waiting to claim the tax credit possibly years later. Taxpayers who purchase the tax credits can claim the full value of the tax credit using a transferred tax credit certificate, with a different certificate number from the original certificate. There were 174 original tax credit certificates transferred between January 2007 and November 2014; transfers were administered by the Iowa Department of Revenue beginning in 2007 (see Table 9). The total amount of tax credits transferred was $104.2 million, 53.1 percent of total awards. More than $26.8 million of tax credits awarded for fiscal year 2010 have been transferred, the highest amount among all reservation years. To date, 85.6 percent of the amount of tax credits awarded for fiscal year 2012 has been transferred, the highest share among all reservation years.

Among those transferred tax credits, about 35.9 percent ($37.4 million) were transferred to banks to be claimed against Iowa franchise tax, the highest among all tax types (see Table 10). There were 46 transfers to corporations, totaling $27.2 million, and 87 transfers to individuals, totaling $24.2 million. There were 42 transfers to insurance

companies, totaling $15.5 million, about 14.8 percent of total transferred tax credit claims, which was the lowest among all tax types. Because some awards were split and transferred to more than one entity, the number of original certificates transferred is fewer than the final number of transferred certificates.

Taxpayers who purchase Historic Preservation Tax Credits must wait until the tax year specified on the original tax credit award before claiming the tax credit. About 23 percent of taxpayers purchasing tax credits had to wait for more than a year to be eligible to claim the transferred tax credits. The longest waiting period was five years.

C. Historic Preservation Tax Credit Claims

Complete Historic Preservation Tax Credit claim data are first available for tax year 2006 when the IA 148 Tax Credits Schedule was introduced, although a few claims for tax year 2005 have been identified. Between tax years 2006 and 2013 there were 542 Historic Preservation Tax Credit claims exceeding $134.2 million, where collection and verification of tax year 2012 and 2013 claims is incomplete (see Table 11). In tax year 2006, $1.3 million was claimed as nonrefundable tax credits while the remainder was claimed as refundable tax credits available at a discounted rate up to 75 percent of the tax credit award amount. All credits were fully refundable beginning in tax year 2007. The jump in claims in tax year 2010 matches the large increase in the program award cap starting in fiscal year 2010. In 2012, there have been 99 claims identified to-date, totaling about $38.3 million, which is the highest amount of total claims in any one tax year.

For Historic Preservation Tax Credits with a reservation year of 2001, there were six claims totaling $125,443 reported on the IA 148 Tax Credits Schedule (see Table 12). The number of claims of tax credits reserved for fiscal years before 2006 is relatively small because the IA 148 schedule was not introduced until tax year 2006 to capture tax credit claim information. More than $42 million of tax credits with a reservation year of 2010 have been claimed through November 2014, the highest among all award years, reflecting the fact that 2010 had the highest amount of total awards issued.

Among the 542 claims, 329 were made against Iowa individual income tax and fiduciary tax, totaling $31.7 million (23.6%) (see Table 13). About 47.1 percent of the total claims were against Iowa corporation income tax liability, totaling $63.3 million. There were 63 claims made against Iowa franchise tax and 26 claims made against Iowa insurance premium tax, most of which were claimed by taxpayers that purchased the tax credits through the transfer process. The total claims against franchise tax were $25.4 million and the total claims against insurance premium tax were $14.0 million.

Between tax years 2007 and 2013, an estimated $105.8 million (78.8%) of total claims were refunded to taxpayers (see Table 14). Almost $27.2 million of tax credits have been refunded to taxpayers filing individual income tax returns. About $57.4 million of tax credits were refunded for corporation income tax returns, the highest among all tax types. The refunded tax credits for franchise tax equal $21.2 million. Tax credits claimed on insurance premium tax returns can only be used to offset tax liability, therefore no

refunds are issued. In tax year 2012, the total refunds were an estimated $35.7 million, the highest among all tax years; although claims collection and verification for tax years 2012 and 2013 is incomplete.

VI. Historic Preservation Tax Credit Survey Analysis

The Historic Preservation Tax Credits Survey was introduced in July 2009 as a part of the tax credit application process to allow the Department of Revenue to complete economic analysis of this tax credit using the collected data (see Appendix A for a sample of the current survey). In the survey, applicants for the Historic Preservation Tax Credit are required to provide information such as project funding sources, description of rehabilitation projects, and the distribution of project expenditures. The applicants are required to complete the survey after project completion but before the Historic Preservation Tax Credit is issued; therefore, the tax credit amount reported in the survey reflects the amount reserved earlier in the application process and does not necessarily equal the amount of the tax credit awarded after DCA's final review of the Part 3 application. Survey responses came directly from applicants for the Historic Preservation Tax Credit. The survey information comes solely from the applicants and it does not come from an audit by the Iowa Department of Cultural Affairs or the Iowa Department of Revenue.

Between July 2009 and June 2014, completed surveys were submitted and Part 3 applications were approved by DCA for 158 Historic Preservation Tax Credit projects. Surveys for those 158 projects reported total project funding of $621.7 million, which can include funding for portions of the projects that were not qualified for the tax credit (see Table 15).[12] Surveys were submitted for additional completed projects but either the tax credits were denied by DCA or the final tax credit application is still pending, so those projects are not included in this analysis. The survey asks respondents to provide sources for that funding, with specified categories for private external financing, internal financing, various federal and State tax credits, and other. Total private external financing, including bank loans and bonds, was $182.0 million, accounting for 29.3 percent of the total reported project funding. Total internal financing, defined as project owner's funds, was $78.3 million and accounted for 12.6 percent of the total. Reserved Iowa Historic Preservation Tax Credits totaled $119.7 million, accounting for 19.3 percent of the total reported project funding. Federal Historic Rehabilitation Tax Credits accounted for 14.3 percent of self-reported project funding, although like the Iowa tax credit, the federal tax credit is not awarded until after the final application is approved which occurs after the survey is completed. Other funding sources included State grants, forgivable loans, and local subsidies, accounting for 17.9 percent of total project funding.

[12] In early surveys, the amount of total project expenditures reported in the surveys often was lower than the sum of total funding due to double counting. For example, a taxpayer took out a bank loan that eventually would be repaid with the Historic Preservation Tax Credit. In the survey, we found that the taxpayer may have incorrectly reported both the tax credit and the bank loan as funding sources.

The Iowa Historic Preservation Tax Credit program encourages investment in historical buildings, but with the credit covering at most 25 percent of QRE, the project should have private investment and public investment from sources other than the State government. For every one dollar of reserved Iowa Historic Preservation Tax Credit awards for the 158 projects, respondents indicated that $2.17 in private funding, defined as private external financing and internal financing, was invested in Iowa (see Table 15). For every one dollar of reserved Iowa Historic Preservation Tax Credits, $3.20 of non-State funds was invested in Iowa. Non-State funding is defined as private funding, and any Federal Historic Rehabilitation Tax Credit or Federal Low Income Housing Tax Credit reported by the applicant.

The survey also collects information on the distribution of total project expenditures between labor, materials, and other costs. Labor costs accounted for 42.2 percent of reported total project funding over all projects (see Figure 3). Material costs accounted for 35.7 percent and other costs accounted for 22.1 percent of reported total project funding. Information on what purchases comprised the other costs was not collected in the survey. Based on information provided by developers, other costs mainly include costs for professional services (such as an architect, legal services, or engineering consulting services), public services (such as license and permit applications), and financing fees.

The survey data includes the uses of the historic properties before and after rehabilitation. These 158 projects were categorized into five project types based on the reported uses of the properties after rehabilitation: residential, residential rental, commercial, mixed use, and non-commercial. The residential group consists of properties with uses such as single family housing, residential condo, and townhouse. The residential rental group includes properties with reported uses such as apartment, low-income apartment, and senior housing. The commercial group includes uses such as retail, restaurant, office, warehouse, and storage. The mixed use group includes properties reporting both residential/residential rental and commercial uses. The non-commercial group consists of properties with reported uses such as a church, museum, barn, artist studio, or community center.

Along with the property use information, applicants provide more detailed information on changes in various space types as a result of the rehabilitation, including residential space, low-income residential space, retail space, restaurant/bar space, office space, warehouse space, manufacturing space, educational/museum/library space, hotel or other lodging space, and parking space (see Table 16). As expected, residential projects and residential rental projects increased residential space, low-income residential space, and parking space for those residents. Developers undertaking commercial projects reported transforming warehouse (reduced by 98%) and manufacturing (reduced by 26%) spaces into retail, restaurant, office, school, and hotel space. Mixed use projects, which include both commercial and residential uses, not surprisingly increased almost all types of space, except manufacturing and warehouse spaces. The non-commercial project type was the only type that reduced residential space during rehabilitation. In total, 711 residential units were added after rehabilitation,

113 percent of the number of residential units before rehabilitation. Commercial spaces (restaurant, retail, office, and hotel) were increased by 17 percent, about 148 thousand square feet.

The mixed use project type accounted for 37.7 percent of total project funding reported on the survey at $234.5 million, the highest among the five project types (see Figure 4).[13] Commercial projects had the second highest share with $191.5 million of reported project funding, accounting for 30.8 percent. The project type with the smallest share of project funding was residential with $32.8 million, accounting for 5.3 percent of total reported funding. Residential rental accounted for 12.6 percent of total funding while non-commercial projects accounted for the remaining 13.6 percent.

There were 43 mixed use projects awarded Historic Preservation Tax Credits between fiscal year 2010 and 2014 (27.2%), the highest among all project types (see Figure 5). The average reported funding per project was $5.5 million, also the highest. A total of 36 commercial projects (22.8%) were completed during the five fiscal years, with average reported project funding of $5.3 million, which was the second highest average among all of the project type groups. There were 31 residential projects (19.6%) with average reported project funding of $1.1 million, which was the lowest average among all groups. More than 70 percent of residential projects reported total funding less than $300,000.

Residential projects had the highest ratio of private funding to tax credit awards and the highest ratio of non-State funding to tax credit awards (see Figure 6). For every dollar of reserved Historic Preservation Tax Credits, $3.23 of private funding and $5.45 of non-State funding was reported by residential property owners.[14] The non-commercial project type had the lowest ratio of private funding to tax credit awards of $0.96, suggesting for every dollar of the reserved Historic Preservation Tax Credit only 96 cents of private money were invested. The ratio of non-State funding to tax credit awards for the non-commercial projects was $1.52, also the lowest among all project types.[15] Ratios of private funding to tax credit awards for mixed use projects and commercial projects were $2.42 and $2.32, respectively. Ratios of non-State funding to tax credit awards for mixed use projects and commercial projects were $3.32 and $3.03, respectively.

Applicants for the Historic Preservation Tax Credit for residential projects reported that they spent 48.6 percent of total expenditures on labor, the highest percentage among all project types, and 11.7 percent of total expenditures on other costs, the lowest among

[13] There were occasionally discrepancies between total funding for projects and total expenditures reported on the survey. For example, respondents estimated reported funding sources or expenditures when completing the survey, or may have double counted funding as noted in footnote 12.

[14] The ratio of private funding to tax credit award equals total private funding of all projects divided by the total reported tax credit awards. The ratio of non-State funding (private funding plus federal tax credits) to tax credit award equals total non-State funding of all projects divided by the total reported tax credit awards.

[15] Projects defined as non-commercial could qualify for the Federal Historic Rehabilitation Tax Credit under certain circumstances.

all project types (see Figure 7). The share of labor costs was lowest for commercial projects at 36.7 percent with other costs comprising 26.5 percent, which was the highest among project types. The share of material costs was relatively steady across the project types, fluctuating from 33.5 percent for mixed use projects to 39.7 percent for residential projects.

With millions in expenditures, and over 42 percent going for labor costs, the Historic Preservation Tax Credit program should stimulate economic activity in the construction industry during the rehabilitation period. However, if out-of-state employees are hired or materials are purchased from out-of-state vendors, the spillover benefits from that economic activity is more limited. To assess the amount of Iowa economic activity resulting from the projects, the survey asks applicants to provide the share of total project expenditures spent on Iowa-sourced goods and services and Iowa shares for each of the spending categories. Over all of the projects completed and awarded tax credits between July 2009 and June 2014, applicants reported that 84.3 percent of total project expenditures were spent on Iowa sourced goods and services. Among the five project types, applicants with residential projects reported spending 87.3 percent of expenditures in Iowa, the highest share (see Figure 8). Commercial projects had the lowest Iowa share at 82.9 percent of total project expenditures.

Respondents with commercial projects reported the highest Iowa share of labor at 94.3 percent, but also the lowest Iowa share of materials (78.2%) and the lowest Iowa share of other costs (73.9%). Non-commercial projects and residential projects had an Iowa share for other costs of more than 90 percent. Residential rental, commercial, and mixed use projects had an Iowa share of other costs less than 80 percent. The data indicates that projects with at least some commercial characteristics purchased a larger amount of out-of-state services.

To further examine the impact of project expenditures on employment, the survey inquires about employment during the rehabilitation period. The survey question does not specify how to measure employment, so it is assumed applicants counted the number of workers that devoted any time into the project completion. Thus a project that employed two carpenters for an entire year (two full-time equivalents) would appear to have lower employment than a project that employed twenty-six carpenters for two weeks (one full-time equivalent) even though the first project's labor costs would likely be twice as high as the second. This is one shortcoming of the survey question and limits the comparability across projects and the possible analysis.

Projects reported an average of 30 construction workers hired to complete a residential project, with average labor cost of $12,310 per worker (see Figure 9). Both the number of workers and the average wages per worker for a residential project were the lowest among all project types, likely because the amount of time worked was shorter. Non-commercial projects hired the highest average number of workers, 100, but the average wages per worker was the second lowest, $13,146. This reflects the data limitations; these projects likely employed the greater number of workers for a shorter time than other projects, thus the calculated lower average wages. Mixed use projects paid the

highest average wages per worker, $29,443, and respondents for commercial projects reported the second highest average wages per worker, $26,855.

Another way to divide the projects is by project size, measured as total self-reported project expenditures, equal to the sum of QRE and non-qualified rehabilitation expenditures. For the 158 projects, the total self-reported project expenditures were $596 million. Eighty projects had total project expenditures below $500,000, with $25.6 million of total reported funding (4.1%) for projects completed between July 2009 and June 2014 (see Figure 10). There were 37 projects with total project expenditures between $500,000 and $2.5 million reporting $71.8 million of total funding (11.6%). Twenty projects had total project expenditures between $2.5 million and $5 million with $109.4 million of total reported funding (17.6%); eleven projects had total project expenditures between $5 million and $10 million with $116.2 million of total reported funding (18.7%); and 10 projects had total project expenditures more than $10 million with $298.7 million of total reported funding (48.0%).

For projects with total rehabilitation expenditures between $2.5 million and $5 million, every dollar of the reserved Historic Preservation Tax Credit was matched with $2.89 of private funds, which was higher than other sized projects (see Figure 11). Also, for projects with qualified expenditures between $2.5 million and $5 million, every dollar of the reserved Historic Preservation Tax Credit was matched with more than $4.06 of non-State funds, higher than other projects. For projects with qualified expenditures in excess of $5 million, every one dollar of the tax credit was matched with less than $2 in private funding. The survey data suggests that applicants with larger projects were more likely to take advantage of other State and local government funding opportunities.

Across all of the size categories, more than 40 percent of project expenditures were reported as being spent on labor (see Figure 12). The share of material costs for projects with expenditures less than $5 million was more than 37 percent and the share of other costs was less than 19 percent. For projects with expenditures more than $5 million, the share of material cost was below 35 percent and the share of other costs was more than 23 percent. This suggests that larger historic preservation projects spend more on economic activities beyond construction.

Iowa shares of labor and material costs for projects of all sizes were more than 80 percent (see Figure 13). Small projects reported nearly 90 percent of spending occurred in Iowa across labor, materials, and other costs. Projects with expenditures less than $5 million had Iowa shares of labor costs above 86 percent, material costs above 87 percent, and other costs above 88 percent. For projects with expenditures more than $5 million, the Iowa shares were lower, with material costs below 84 percent and other costs below 80 percent. These results are consistent with previous evidence that larger projects made more purchases from out of state than smaller projects.

Variation in the share of in-state expenditures is most evident when considering the geography of the Historic Preservation Tax Credit projects. There were 57 projects completed in border counties and 101 projects completed in non-border counties. As

expected, the border county projects reported a lower share of labor cost (82.2%), material cost (73.1%), and other costs (73.1%) spent in Iowa compared to all other counties (90.7% of labor cost, 90.7% of material cost, and 83.8% of other costs) (see Figure 14). This survey data indicates that projects in border counties had easier access to labor and materials from surrounding states.

VII. Economic Analysis on the Historic Preservation Tax Credit

A. Impacts of Tax Credits on Employment, Wage, and Sales at Project Properties

The rehabilitation projects financed by the Historic Preservation Tax Credit often transformed abandoned or obsolete buildings into spaces that can be readily utilized, while preserving buildings of historic significance. The rehabilitation and utilization of old space not only extends the life of historic buildings, but also often becomes a source of revenue for building owners, which encourages private investors to participate in rehabilitation projects. Employment and tax return data can be used to examine the impact of the incentivized rehabilitation on business usage of historic buildings. Clearly any quantification of benefits and costs in terms of jobs and tax revenue does not account for the value to society of preserving the historic significance of buildings, which is difficult to do.

To identify businesses operating at the historic preservation project site both before and after rehabilitation, the addresses of rehabilitated projects with completion years between 2008 and 2012 were matched with business addresses from the Iowa Workforce Development (IWD) unemployment insurance records from 2007 to 2013. The IWD data contain addresses of all branches of employers in Iowa. Residential and residential rental projects were not included in the analysis because occupants of those properties would have few employees.

There were 89 commercial, mixed use, and non-commercial projects that had completed surveys and received awards for completed projects between 2008 and 2012. Among these 89 project properties, 44 were found to be occupied and utilized by some businesses before the rehabilitation. After rehabilitation, there was no information on three of those 44 buildings and two additional buildings were found to be utilized. Thus, a total of 43 project properties were identified to be utilized by employers after rehabilitation. One of the reasons that project properties were unable to be matched could be that addresses reported in the IWD database were different from addresses reported in the Historic Preservation Tax Credit Survey.

One of these 43 properties utilized after completion was the project that received a Historic Preservation Tax Credit award for job creation. On January 15, 2009, IBM announced its plan to invest in Dubuque and create 1,300 jobs at a rehabilitated historic property (the Roshek Building) that would receive the Historic Preservation Tax Credit (IBM, 2009). Because the Roshek Building is the only Historic Preservation Tax Credit project awarded under the job creation conditions and all other projects have no job creation provision, jobs created by the Roshek Building project are separated from the

rest of the projects to prevent the analysis of job creation from being skewed by the single project. Note that the Roshek Building was not in the 44 project properties identified as occupied before rehabilitation.

To measure the employment before rehabilitation at each project property, the total number of employees from all employers working at the property in each year before the project completion year was calculated. The average total number of employees over all available years before project completion is the measure of employment before rehabilitation. Using a similar method, the average total number of employees over years after project completion, beginning with the year following completion, is the measure of employment after rehabilitation.

Prior to rehabilitation, the 44 projects were occupied by 80 businesses employing a total of 1,277. On average, each business employed 16 individuals before the historic property was rehabilitated. After rehabilitation, 74 businesses were found to utilize 42 project properties (excluding the Roshek Building) and to employ a total of 1,145 employees. The average number of employees per business dropped to 15 after rehabilitation. With changing economic conditions over this period, employment gains differed by year of project completion.

For the projects completed in 2008, the number of employees working at the matched project properties after rehabilitation dropped to 74 from 106 before rehabilitation, coinciding with the downturn in the national economy beginning in 2008 (see Figure 15). The number of employees decreased by 29 after rehabilitation for projects completed in 2009, decreased by 7 for projects completed in 2010, and decreased by 79 for projects completed in 2011. For projects completed in 2012, the number of employees working at the matched project properties after rehabilitation was 500, an increase from 486 employees before rehabilitation. The change from employment decrease to employment increase coincided with slow recovery from the 2008 economic recession. Even with no direct evidence that this is the case; the negative impact of the recession on employment at these properties probably would have been greater if there were no rehabilitation expenditures supported with the tax credits.

For those project properties identified to be occupied by businesses (commercial or mixed-use project types), average wages of employees of these businesses before and after rehabilitation were used to examine whether the incentivized rehabilitation projects could help raise personal income. Measured using IWD data, average wages for employees working at commercial project properties was $39,716 prior to the rehabilitation and $46,385 after the rehabilitation, both higher than properties of other project types (see Figure 16). The wage growth rate at commercial projects was 16.8 percent, slightly higher than the statewide wage growth rate. The wage growth rate at mixed-use projects was the highest among all project types, 48.7 percent. Surprisingly, average wage levels experienced a 10.3 percent drop after rehabilitation for non-commercial projects, mainly due to the fact that one business with the highest average wage rates before it vacated the property several years prior to the preservation project, was not identified to be an occupant at the same rehabilitated property after the non-

commercial project completion. The business may not have returned because the project transformed the property's use. Because the completion year was 2012, it is also possible that the IWD data cannot reflect economic activities at the property under full utilization. Overall, the average annual wage for employees working at rehabilitated properties was $31,378 prior to the rehabilitation and $38,048 after the rehabilitation. The growth rate was 21.3 percent. As a comparison, the growth rate of average wages between 2007 and 2013 in Iowa was 14.8 percent.

Because many awarded projects increased retail, restaurant, or hotel space, Iowa sales tax records between 2007 and 2013 were used to match addresses of project properties with completion years between 2008 and 2012 to examine the impact of rehabilitation projects receiving the Historic Preservation Tax Credit awards on retail sales at these properties. The average total sales revenue over years at the property before project completion was used as the sales before rehabilitation. Using a similar method, the average total sales revenue over years after project completion was the measure of sales after rehabilitation.

Between 2008 and 2012, there were 13 commercial, mixed use, and non-commercial projects whose addresses were matched to the State sales tax records. The annual sales revenue prior to rehabilitation for these 13 projects totaled $1.9 million, generating $0.1 million of State sales tax revenue (see Figure 17). After completing rehabilitation, the total annual sales revenue rose to $8.5 million (351.7%), generating about $0.8 million of sales tax revenue.

For commercial projects, the total annual sales at these properties increased from $1.3 million before rehabilitation to $5.4 million after rehabilitation (328.6%). For mixed use and non-commercial projects, the total annual sales at these properties increased from $0.6 million before rehabilitation to $3.1 million after rehabilitation (397.5%).

B. Impacts of Tax Credits on Property Tax

Expenditures to rehabilitate historic properties supported with the Historic Preservation Tax Credit are expected to increase property values. Simply subtracting property values prior to rehabilitation from values after rehabilitation does not provide an accurate measure of the impact of the rehabilitation because that measure does not account for the value of materials and labor that were added to the property that should increase values regardless of the nature of the improvements. However, subtracting those expenditures from the difference noted above is also not an accurate picture, because even with improvements to non-historic properties, changes in assessed values often fall below the direct expenditures on the improvements. Therefore, the method used to measure the impacts of rehabilitation on assessed property values, and the ensuing changes in property tax revenue, attempts to measure incremental changes in values after the rehabilitation compared to a forecast of changes in values without the rehabilitation.

Among the 158 projects with completed surveys, 60 (38.0%) reported receiving property tax abatements from local governments that would reduce or potentially eliminate any

higher property tax payments resulting from the rehabilitation. Because details of those property tax abatements were not compiled, the abatements were ignored in this analysis of potential property tax revenue gains. However, any estimate of increased property tax revenue should be considered as an upper bound given the common usage of abatements and availability of historic property tax exemptions.

The Historic Preservation Tax Credits Survey completed by tax credit applicants included assessed values of project properties before and after the rehabilitation incentivized with the Historic Preservation Tax Credit. Using the average statewide property value growth rate estimated by the Department of Management between 2013 and 2020, the assessed property values before rehabilitation were used to forecast future assessed values.[16] These values are assumed to approximate the assessed property values for the properties if the rehabilitation had not occurred. In comparison, the reported assessed values after rehabilitation were assumed to grow at the same average historical rates, representing the assessed property values with rehabilitation. These values were used to calculate two measures of property tax liabilities on each property between 2014 and 2033. Two net present values (NPV) of estimated property tax liabilities for each project property between 2014 and 2033 were calculated (see Table 17). The estimated impact of the Historic Preservation Tax Credit program on property tax is the estimated difference between the NPVs of property tax liabilities of the properties estimated without rehabilitation and estimated with rehabilitation.

The growth rate of assessed property values was assumed to be 5.3 percent for residential properties and 5.8 percent for commercial properties over each of the next 20 years, based on the average growth rates projected by the Department of Management. The rollback ratio for residential properties was 55.7 percent in 2014, estimated to be 56.9 percent in 2015, 58.4 percent in 2016, 58.7 percent in 2017, 60.5 percent in 2018, 59.4 percent in 2019, and 61.5 percent in 2020 and beyond, according to the Department of Management. The average property tax rate was assumed to be $33.90 for every thousand dollars of taxable property value, also projected by the Department of Management. The discount rate used to estimate the net present value was 4.5 percent, the average forecasted 20 year U.S. Treasury bond yield over 2014 to 2033, published by Moody's Analytics in December 2014.

The 158 properties with $596 million in rehabilitation expenditures supported with tax credits were estimated to experience an increase in the NPV of property tax revenues of $167.9 million through 2033, about 43 percent more than the $117.7 million Historic Preservation Tax Credit awards issued to these properties. The increase in NPV of commercial project property tax liabilities ($39.1 million) was estimated to be 9.9 percent lower than tax credit awards received, which was the lowest ratio among all project types. The ratio of the increase in NPV of non-commercial project property tax liabilities ($13.0 million) was more than 200 percent of corresponding tax credit awards, the highest ratio among all project types.

[16] Growth rates were applied uniformly for all projects beginning with 2014, using the assessed value after project completion as reported on the survey. Growth rates between the project completion year and 2014 were not applied.

C. Estimated Impacts of Historic Preservation Tax Credits on the Broader Economy

Many states used multipliers generated by input-output models to estimate the economic impacts of their historic preservation tax credits as discussed in Section IV and presented in detail in Table 3. Although an input-output model has its limitations, it still could provide a comprehensive measurement on the broad economic impact of the direct rehabilitation expenditures resulting from the Historic Preservation Tax Credit in Iowa.[17] In this study, the Regional Economic Models, Inc (REMI) model is used to estimate the impact of rehabilitation expenditures supported with the Iowa Historic Preservation Tax Credit between 2005 and 2013, based on the information provided in the survey for projects completed between fiscal year 2010 and fiscal year 2014. The REMI model is an economic modeling software tool that incorporates aspects of four major modeling approaches: Input-Output, General Equilibrium, Econometric, and Economic Geography. The model is used here to estimate the economic impact of the tax credit by estimating increased economic activity compared to scenarios where no tax credit exists.

The direct economic impact of the tax credit, predominately rehabilitation expenditures on construction labor, is the key input used to estimate the tax credit's immediate impact on the broader economy in the REMI model. The indirect and induced impacts during rehabilitation are changes in sales, income, or jobs in sectors within the region that supply goods and services to the construction sectors, and the increased sales within the region from household spending of the income earned in the construction and supporting sectors.[18]

A major complication with this economic impact analysis is that the probability of a rehabilitation project moving forward without the tax credit award is unknown. Therefore, assumptions about the share of rehabilitation projects which would not have been implemented without the tax credits are necessary to complete any analysis. If the assumption is that all rehabilitation projects would have been undertaken without the tax credits, then economic impacts of the Historic Preservation Tax Credit are zero because the tax credit would only replace private investment and not induce any additional investment. Therefore, only if it is assumed that some projects required the tax credits to be completed does the credit result in any economic benefit.

To provide an upper bound estimate of the economic impact, this analysis assumed the share of rehabilitation projects which would not have been implemented without the tax credits was 100 percent. Under this assumption, two possible scenarios were considered about construction activities without the tax credits. In the first scenario, it was assumed that if no tax credit was awarded, then no rehabilitation expenditures

[17] For example, the input-output models rely on strong assumptions, such that the quantities of inputs used are directly proportional to the quantity of output and these proportions are assumed to be fixed.

[18] Indirect and Induced Impact: Indirect effects are the changes in sales, income, or jobs in sectors within the region that supply goods and services to the construction sectors. Induced effects are the increased sales within the region from household spending of the income earned in the construction and supporting sectors.

would have been spent in Iowa, but the same amount ($596 million) of new construction expenditures would have been spent to provide the same type of space to the real estate market. In this scenario, the direct impact of the Historic Preservation Tax Credit is the difference between the estimated number of construction jobs supported by the historic rehabilitation projects and those supported by the new construction projects, given that rehabilitation projects usually are more labor intensive than new construction projects.

The numbers of construction jobs supported by both the rehabilitation projects and the new construction were estimated using the REMI model (see Table 18). Assuming new construction expenditures were the same $596.0 million of total project expenditures reported on the survey for projects with starting years from 2005 to 2013, the number of new construction jobs supported would have been 5,652. The direct impact of the tax credit award would be 1,640 construction jobs (the difference between the estimated 7,292 rehabilitation construction jobs and these 5,652 new construction jobs).[19] The direct impact on personal income would be $45.6 million. Using the REMI model, it was estimated that the indirect and induced impact was an additional 1,201 jobs and $59.5 million of personal income. So with no rehabilitation without the credit but the same expenditures made on new construction, for every million dollars of rehabilitation expenditures, about 5 jobs were supported. For every dollar of rehabilitation expenditures, an estimated $0.18 of personal income was also added to the economy. These estimated impacts were lower than estimates from all other state studies (see Table 3).

In the second scenario, it is assumed that if no tax credits were awarded, no rehabilitation expenditures would have been spent in Iowa and there would also have been no new construction expenditures to create space for the real estate market. The direct impact then includes the full Iowa share of labor costs reported in the survey and the corresponding number of construction jobs.

Between 2005 and 2013, the total Iowa share of labor costs was $202.9 million out of $596.0 million of total rehabilitation expenditures reported on the survey (see Table 18). The total number of construction jobs supported by these labor expenditures was estimated to be 7,292, using the construction average wage series in the REMI model. The indirect and induced impacts included 5,340 jobs with $265.3 million of personal income in the broader economy. For every million dollars of rehabilitation expenditures, about 21 jobs were supported under these assumptions. For every dollar of rehabilitation expenditures, an estimated $0.79 of personal income was also added to the economy. Compared to the economic analysis conducted by other states, these estimates were the second highest among those studies only below Colorado's estimate on jobs and Connecticut's estimate on personal income.

[19] The number of rehabilitation construction jobs was estimated using REMI rather than the count of workers reported in the survey because those counts may not be comparable across surveys as discussed in Section VI.

VIII. Conclusion

This evaluation study deepens the understanding of the Iowa Historic Preservation Tax Credit beyond the Department's 2009 evaluation study of this program. The program has gained increasing attention because of the recent legislative changes to the program. While this evaluation study provides more detailed information on this program collected through the survey implemented after the 2009 study, it still has some important limitations: Expenditures and funding of these projects were not always reported consistently, and questions regarding construction jobs supported by rehabilitation expenditures were unclear resulting in data that is not comparable across projects.

This analysis examined employment growth, wage growth, and sales revenue at properties after project completion. Based on the statistical analyses described above, this evaluation study found properties generally experienced significant growth in wage and sales revenue, but not in employment, perhaps due to the 2008 recession. The REMI model was also used to estimate the impact on the broader economy. Assuming that no rehabilitation project would have been implemented without the state tax credits, in the scenario of no new construction occurring, the estimated impacts were about 21 jobs and $0.79 million of personal income for every million dollars of rehabilitation expenditures. Under the same assumption, but assuming equal new construction would have occurred, the estimated impacts of the incentivized rehabilitation were 5 jobs and $0.18 million of personal income for every million dollars of rehabilitation expenditures.

Focusing on measuring economic impacts of the tax credit program, the study did not attempt to measure the intangible benefits that result from rehabilitation of Iowa's historic properties such as ensuring character-defining features and spaces of buildings are retained in Iowa communities. Despite its limitations it is hoped that this evaluation study provides a positive contribution to the understanding of the Iowa Historic Preservation Tax Credit.

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Iowa's Historic Preservation and Cultural and Entertainment District Tax Credits
Tax Credits Program Evaluation Study

Tables and Figures

Table 1. Summary of Legislative Changes in the Historic Preservation and Cultural and Entertainment District Tax Credit Program, 2000-2014

Year	Legislative Changes
2000	The program was enacted, creating the 25% tax credit with an annual award cap of $2.4 million. The tax credit was nonrefundable, although taxpayers could choose to claim the tax credit as a refundable credit with a value up to 75% of the awarded amount.
2002	In addition to individual and corporation income tax, the tax credit could now be claimed against franchise tax and insurance premium tax.
2003	The tax credit was made transferable.
2005	The annual award cap was increased to $6.4 million, effective in fiscal year 2006.
2007	The annual award cap was increased to $10 million for fiscal year 2008, $15 million for fiscal year 2009, and $20 million for fiscal year 2010 and subsequent years. This legislation required 10 percent of tax credits awarded each fiscal year be designated for small projects defined as having a cost of less than $500,000, and 40 percent be designated to projects located in Cultural and Entertainment Districts or in a designated Iowa Great Place. The tax credit was made fully refundable for tax year 2007 and after.
2009	The annual award cap was increased to $50 million starting with fiscal year 2010. The additional $30 million of tax credits for fiscal year 2010 could not be reserved until a tax year beginning on or after January 1, 2010. The additional $30 million of tax credits for fiscal year 2011 could not be reserved until a tax year beginning on or after January 1, 2011. The additional $30 million of tax credits for fiscal year 2012 could not be reserved until a tax year beginning on or after January 1, 2012. Twenty percent of tax credit awards each fiscal year were designated for disaster recovery projects and 20 percent were designated for projects that involve the creation of more than 500 permanent jobs.
2010	The annual award cap was lowered to $45 million starting with fiscal year 2013.
2011	The requirement that qualified rehabilitation costs may not exceed $100,000 per residential unit, regardless of whether the property was classified as residential or commercial with multifamily residential units, was eliminated. The time period to incur eligible costs was defined to include a rehabilitation period starting from the date the first qualified rehabilitation cost was incurred and ending at the end of the tax year in which the property is placed in service. All rehabilitation projects must be completed within 60 months of approval.
2013	Substantial rehabilitation of commercial property was redefined to be the lesser of rehabilitation costs equal to $50,000 or 50% of the assessed value; the previous definition was 50% of the assessed value. The category of property that previously included residential property and barns was expanded to include any “property other than commercial property.” The date by which property must be placed into service was extended to 72 months after the date of approval if more than 50% of the qualified rehabilitation costs are incurred within 60 months of the date on which the project application was approve. The definition of small projects was expanded to those with final qualified rehabilitation costs of $750,000.
2014	Allocation of tax credit awards was changed from a lottery system to a readiness-based scoring. The amount of the cap designated for small projects was lowered to at least 5% of total awards; all other funding groups were eliminated. Up to 10% of nonawarded tax credits can be rolled over for awarding in the next year. Revoked tax credits can generally be reallocated in the fiscal year in which they are revoked. The final qualified rehabilitation expenditures eligible for tax credits were limited to at most exceed the estimated expenditures set in the approved application by 15 percent for small projects, 10 percent for projects with expenditures between $750,000 and $6 million, and 5 percent for projects over $6 million.

Source: Iowa Department of Revenue

Table 2: Summary of Federal and States' Tax Credits

Government	Credit Name	Enactment Year	Tax Credit Rate		Minimum Expenditure Requirement	Project Award Cap	Annual Program Cap	Transferable	Refundable	Carry Forward
			Residential	Commercial						
Federal	Rehabilitation Tax Credit	1976	20% of QRE for income producing property Private residences do not qualify	20% of QRE for income-producing property	$5,000 or adjusted basis of the property	None	None	No	No	20 years
Alabama	Historic Preservation Tax Credit	2013	25% of QRE for certified historic buildings and 10% of qualified expenditures for pre-1936 non-historic buildings	25% of QRE for certified historic buildings and 10% of qualified expenditures for pre-1936 non-historic buildings	50% of the owner's original purchase price or $25,000, whichever is greater	$5 million for commercial project and $50,000 for residential project	$20 million	Yes	No	10 years
Arkansas	Historic Rehabilitation Income Tax Credit	2009	25% of of QRE	25% of QRE	$25,000	$125,000 on income-producing property and $25,000 on non income-producing property	None	Yes	No	5 years
Colorado	Historic Property Preservation Tax Credit	1990	20% of QRE	20% of QRE	$5,000	$50,000	None	No	No	10 years
Connecticut	Historic Preservation Tax Credit	2008	25% of costs (30% for affordable housing)	25% of costs (30% for affordable housing)	None	$5 million	$50 million in three year cycles	Yes	No	5 years
Delaware	Historic Preservation Tax Credit	2001	20% with federal credit also received, 30% without federal credit, 100% if a certified historic property qualifying for credit award is a resident curatorship (limited to $20,000); if low income housing, additional 10%	20% with federal credit also received, 30% without federal credit, 100% if a certified historic property qualifying for credit award is a resident curatorship (limited to $20,000)	$5,000	$20,000 per homeowner. No cap for income-producing property	$3 million	Yes	No	10 years

Table 2: Summary of Federal and States' Tax Credits (continued)

Government	Credit Name	Enactment Year	Tax Credit Rate		Minimum Expenditure Requirement	Project Award Cap	Annual Program Cap	Transferable	Refundable	Carry Forward
			Residential	Commercial						
Georgia	Rehabilitated Historic Tax Credit	2002	25% of QRE	25% of QRE	$5,000 for residential property in targeted area. For other areas, the lesser of $25,000 or 50% of the adjusted basis of the building	$100,000 cap for homes and $300,000 cap for certified structures	None	Yes	No	10 years
Illinois	Historic Preservation Tax Credit	2012	25% of QRE	25% of QRE	$5,000 or 50% of the purchase price of the property	None	None	No	No	None
Indiana	Historic Homeowner Tax Credit and Historic Commercial Property Tax Credit	1976	20% of QRE	20% of QRE	$10,000	None for residential properties but $100,000 for other project types	$250,000	No	No	15 years
Iowa	Historic Preservation and Cultural and Entertainment District Tax Credit	2001	25% of QRE	25% of QRE	For residential property and barns $25,000 or 25% of assessed value excluding land. For commercial property $50,000 or 50% of assessed value excluding land	None	$45 million, $2.25 million for small projects and $42.75 million for all others	Yes	Yes	None
Kansas	Historic Preservation Tax Credit	2002	25% of QRE	25% of QRE	$5,000	None	None	Yes	No	10 years
Kentucky	Historic Preservation Tax Credit	2005	30% of QRE	20% of QRE	$20,000 for owner-occupied residences; $20,000 or adjusted basis for other property	$60,000 for owner-occupied residences. $400,000 for other property	$3 million	Yes	No	7 years

Table 2: Summary of Federal and States' Tax Credits (continued)

Government	Credit Name	Enactment Year	Tax Credit Rate		Minimum Expenditure Requirement	Project Award Cap	Annual Program Cap	Transferable	Refundable	Carry Forward
			Residential	Commercial						
Louisiana	Historic Preservation Tax Credit	2005	25% of QRE, 50% for vacant and blighted properties	25% of QRE	$10,000	$25,000 per building for residential projects and $5 million for commercial projects	None	Yes, for commercial projects	Yes, for residential projects	5 years for commercial projects
Maine	Credit for Rehabilitation of Historic Properties	2008	25% of QRE for general projects and 30% for affordable housing	25% of QRE for general projects and 30% for affordable housing	$5,000 or adjusted basis for the property	$5 million	None	No	Yes	None
Maryland	Sustainable Communities Tax Credit	1997	20% of QRE for owner-occupied residences	20% of QRE for commercial properties	$5,000 for owner-occupied residences; adjusted basis for commercial projects	$50,000 per owner-occupied residential project; $3 million for commercial property	None	No	Yes	None
Massachusetts	Historic Rehabilitation Credit	2003	20% of QRE	20% of QRE	25% of the adjusted basis of the property	None	$50 million	Yes	No	5 years
Minnesota	Historic Structure Rehabilitation Tax Credit	2011	20% of QRE	20% of QRE	The greater of $5,000 or the adjusted basis of the property	None	None	No	Yes	None
Mississippi	Rehabilitation Tax Credit	2006	25% of QRE	25% of QRE	$5,000 for owner-occupied residences; 50% of total basis for commercial property	None	None	No	Yes	10 years
Missouri	Historic Preservation Tax Credit	1998	25% of QRE	25% of QRE	50% of the adjusted basis of the structure	None	None	No	No	10 years carry forward and 3 years carry back

Table 2: Summary of Federal and States' Tax Credits (continued)

Government	Credit Name	Enactment Year	Tax Credit Rate		Minimum Expenditure Requirement	Project Award Cap	Annual Program Cap	Transferable	Refundable	Carry Forward
			Residential	Commercial						
Montana	Historic Building Preservation Tax Credit	1990	5% of QRE	5% of QRE	$5,000 or adjusted basis of the property	None	None	No	No	7 years
Nebraska	Historic Tax Credit	2014	20% of QRE, but single-family detached residences do not qualify	20% of QRE	$25,000 or 25% of the property's assessed value	$1 million	$15 million	Yes	No	Unlimited
New Mexico	Cultural Property Preservation Tax Credit	1984	50% of QRE	50% of QRE	None	$25,000 for projects outside Arts and Cultural Districts. $50,000 for projects located inside Arts and Cultural Districts	None	No	No	4 years
New York	Historic Properties Rehabilitation Tax Credit	2003	20% of QRE for owner-occupied residences	20% of QRE	At least $5,000 and at least 5% of the QRE spent on the exterior of the building	$50,000 for residential projects. $5 million for commercial projects	None	No	Yes, for residential projects	Unlimited
North Carolina	Historic Rehabilitation Tax Credits	1998	30% for owner-occupied residences	20% for income producing property	$25,000 for owner-occupied residences	None	None	No	No	5 years
North Dakota	Historic Property Preservation or Renovation Tax Credit	1999	25% of QRE	25% of QRE	None	$250,000	None	No	No	5 years
Ohio	Historic Preservation Tax Credit	2006	25% of QRE	25% of QRE	None	$5 million	100 projects per year limit	No	Yes	None
Oklahoma	Credit for Qualified Rehabilitation Expenditures	2006	20% of QRE for rental residential property	20% of QRE	$5,000 or adjusted basis of the property	None	None	Yes	No	10 years
Pennsylvania	Historic Preservation Incentive Credit	2013	25% of QRE	25% of QRE	None	$500,000	$3 million	Yes	No	8 years

Table 2: Summary of Federal and States' Tax Credits (continued)

Government	Credit Name	Enactment Year	Tax Credit Rate		Minimum Expenditure Requirement	Project Award Cap	Annual Program Cap	Transferable	Refundable	Carry Forward
			Residential	Commercial						
Rhode Island	Historic Preservation Tax Credit	2001	20% of QRE	25% of QRE	Adjusted basis of the property	$5 million	None	Yes	No	10 years
South Carolina	Historic Preservation Tax Credit	1976	25% of QRE	10% of QRE	$15,000 for residential projects	None	None	No	No	5 years
Texas	Historic Structure Tax Credit	2013	25% of QRE	25% of QRE	$5,000	None	None	Yes	No	5 years
Utah	Historic Preservation Tax Credit	2006	20% of QRE	Not Eligible	$10,000	None	None	No	No	5 years
Vermont	Downtown and Village Center Program Tax Credits	1983	Not Eligible	Range between 10% and 50% of QRE	$5,000	None	$2.2 million	No	No	9 years
Virginia	Historic Preservation Tax Credit	1997	25% of QRE	25% of QRE	25% of the assessed value of the buildings for residential projects, 50% for commercial projects	None	None	No	No	10 years
West Virginia	Rehabilitated Buildings Investment Credit	1996	20% of QRE	Not Eligible	None	None	None	No	No	5 years
Wisconsin	Supplement to Federal Historic Rehabilitation Tax Credit	1988	25% of QRE	Not Eligible	None	$10,000 for residential projects	None	No	No	15 years

Sources: State revenue agencies, taxcreditresearch.com, U.S. Department of the Interior (the National Park Service)
Note: QRE include renovation costs, such as labor costs and material costs, for work undertaken on the historic building, as well as architectural and engineering fees, legal expenses, development fees, and other construction-related costs, if such costs are added to the basis of the property and are determined to be reasonable and related to the services performed.

Table 3. Summary of State Historic Preservation Tax Credit Economic Impact Studies

Study	State	State Credit Rate	Period of Study	Estimation Methodology	Total Rehabilitation Expenditures ($ Million)	Direct Impacts		Indirect and Induced Impacts		Total Impacts			
						Jobs	Personal Income ($ Million)	Jobs	Personal Income ($ Million)	Jobs	Personal Income ($ Million)	Jobs per Million $	Personal Income per $
Clarion Associates of Colorado, 2011	Colorado	20%	1990-2010	RIMS II	$99	1,379	$38	1,731	$38	3,110	$76	32	$0.77
PlaceEconomics, 2011	Connecticut	25% (30% for affordable housing)	2000-2010	IMPLAN	$138	1,283	$75	704	$40	1,987	$115	14	$0.83
Rypkema and Cheong, 2010	Delaware	20% with federal credit also received, 30% without	2001-2009	RIMS II	$166	1,347	$54	1,082	$36	2,429	$90	15	$0.54
PlaceEconomics , 2010	Georgia	25%	2000-2009	IMPLAN	$560	NA	NA	NA	NA	10,168	$420	18	$0.75
Listokin, Lahr, Daffern, and Stanek, 2009	Kansas	25%	2002-2009	PEIM	$271	2,892	$104	1,551	$37	4,443	$142	16	$0.52
Planning Decisions, Inc, 2011	Maine	25% (30% for affordable housing)	2007-2011	IMPLAN	$135	2,765	$102	NA	NA	2,765	$102	20	$0.76
Cronyn and Paull, 2009	Maryland	20%	1996-2008	IMPLAN	$1,020	9,428	$443	5,872	$184	15,300	$627	15	$0.62
Tuck and Linscheid, 2013	Minnesota	20%	FY 2012	IMPLAN	$406	1,480	$86	2,022	$95	3,502	$181	9	$0.45
Coffin, Ryan, and McCall, 2010	Missouri	25%	2000-2009	IMPLAN, Focus-control groups comparison, and case study	$2,900	43,150	NA	NA	NA	43,150	NA	15	NA
Holton, 2008	North Carolina	30% for owner-occupied residences, 20% for income producing property	1998-2007	IMPLAN	$830	8,178	$254	5,922	$184	14,100	$438	17	$0.53
Econsult Corporation, 2011	Pennsylvania	25%	1978-2010	RIMS II	$6,985	NA	NA	NA	NA	148,316	$5,473	21	$0.78
Accordino and Fasulo, 2014	Virginia	25%	1997-2013	IMPLAN and case study	$3,794	19,880	$1,012	11,154	$524	31,034	$1,536	8	$0.40

Sources: See reference section for information about each study listed.

Table 4. Historic Preservation Tax Credit Reservations by Reserved Year

Reservation Year	Number of Reserved Projects	Total Reserved Tax Credits	Average Reserved Tax Credits
2001	18	$2,400,001	$133,333
2002	14	$2,399,999	$171,429
2003	8	$2,400,000	$300,000
2004	5	$2,400,000	$480,000
2005	7	$2,325,000	$332,143
2006	16	$6,400,000	$400,000
2007	18	$6,400,000	$355,556
2008	24	$10,000,000	$416,667
2009	47	$14,966,069	$318,427
2010	121	$47,518,433	$392,714
2011	186	$49,114,735	$264,058
2012	73	$47,018,750	$644,092
2013	45	$40,229,885	$893,997
2014	93	$43,119,062	$463,646
2015	42	$38,262,500	$911,012
2016	41	$33,940,621	$827,820
Total	758	$348,895,056	$460,284

Source: Iowa Department of Cultural Affairs

Table 5. Historic Preservation Tax Credit Awards by Reserved Year

Reservation Year	Number of Awards	Total Awards	Average Award	Share of Reserved Tax Credits Issued
2001	18	$2,400,001	$133,333	100.0%
2002	14	$2,399,999	$171,429	100.0%
2003	8	$2,400,000	$300,000	100.0%
2004	5	$2,400,000	$480,000	100.0%
2005	7	$2,325,000	$332,143	100.0%
2006	16	$6,400,000	$400,000	100.0%
2007	18	$6,400,000	$355,556	100.0%
2008	23	$9,800,000	$426,087	98.0%
2009	47	$14,966,069	$318,427	100.0%
2010	100	$41,534,369	$415,344	87.4%
2011	143	$38,053,751	$266,110	77.5%
2012	33	$14,619,355	$443,011	31.1%
2013	34	$31,142,038	$915,942	77.4%
2014	42	$12,444,241	$296,291	28.9%
2015	17	$4,404,836	$259,108	11.5%
2016	15	$4,456,619	$297,108	13.1%
Total	540	$196,146,277	$363,234	56.2%
Number of Unique Projects:	292	Average Award Per Project:	$671,734	

Source: Iowa Department of Cultural Affairs

Table 6. Historic Preservation Tax Credit Awards by Funding Group, Award Years 2001 – 2014

Funding Type	Number of Awards	Share of Number of Awards	Total Awards	Share of Total Awards	Average Award
CED/GP	104	19.3%	$75,745,536	38.6%	$728,322
Disaster	45	8.3%	$23,121,924	11.8%	$513,821
Jobs	2	0.4%	$10,666,022	5.4%	$5,333,011
Small Projects	177	32.8%	$7,209,594	3.7%	$40,732
Statewide	161	29.8%	$57,866,313	29.5%	$359,418
Rollover	51	9.4%	$21,536,889	11.0%	$422,292
Total	540	100.0%	$196,146,277	100.0%	$363,234

Source: Iowa Department of Cultural Affairs

Table 7. Historic Preservation Tax Credit Awards by County, Award Years 2001-2014

County	Number of Projects	Total Awards	Share of Total Awards	Average Award
POLK	50	$46,921,686	23.9%	$938,434
DUBUQUE	33	$42,072,935	21.4%	$1,274,937
SCOTT	39	$34,655,629	17.7%	$888,606
LINN	34	$17,515,016	8.9%	$515,148
WOODBURY	7	$11,186,564	5.7%	$1,598,081
BLACK HAWK	13	$6,370,381	3.2%	$490,029
CERRO GORDO	7	$5,170,554	2.6%	$738,651
POTTAWATTAMIE	7	$3,569,234	1.8%	$509,891
WEBSTER	2	$3,520,776	1.8%	$1,760,388
MAHASKA	5	$2,749,753	1.4%	$549,951
Other Counties	95	$22,413,750	11.4%	$235,934
Total	292	$196,146,277	100.0%	$671,734

Source: Iowa Department of Cultural Affairs

Figure 1. Historic Preservation Tax Credit Awards by County, Award Years 2001-2014

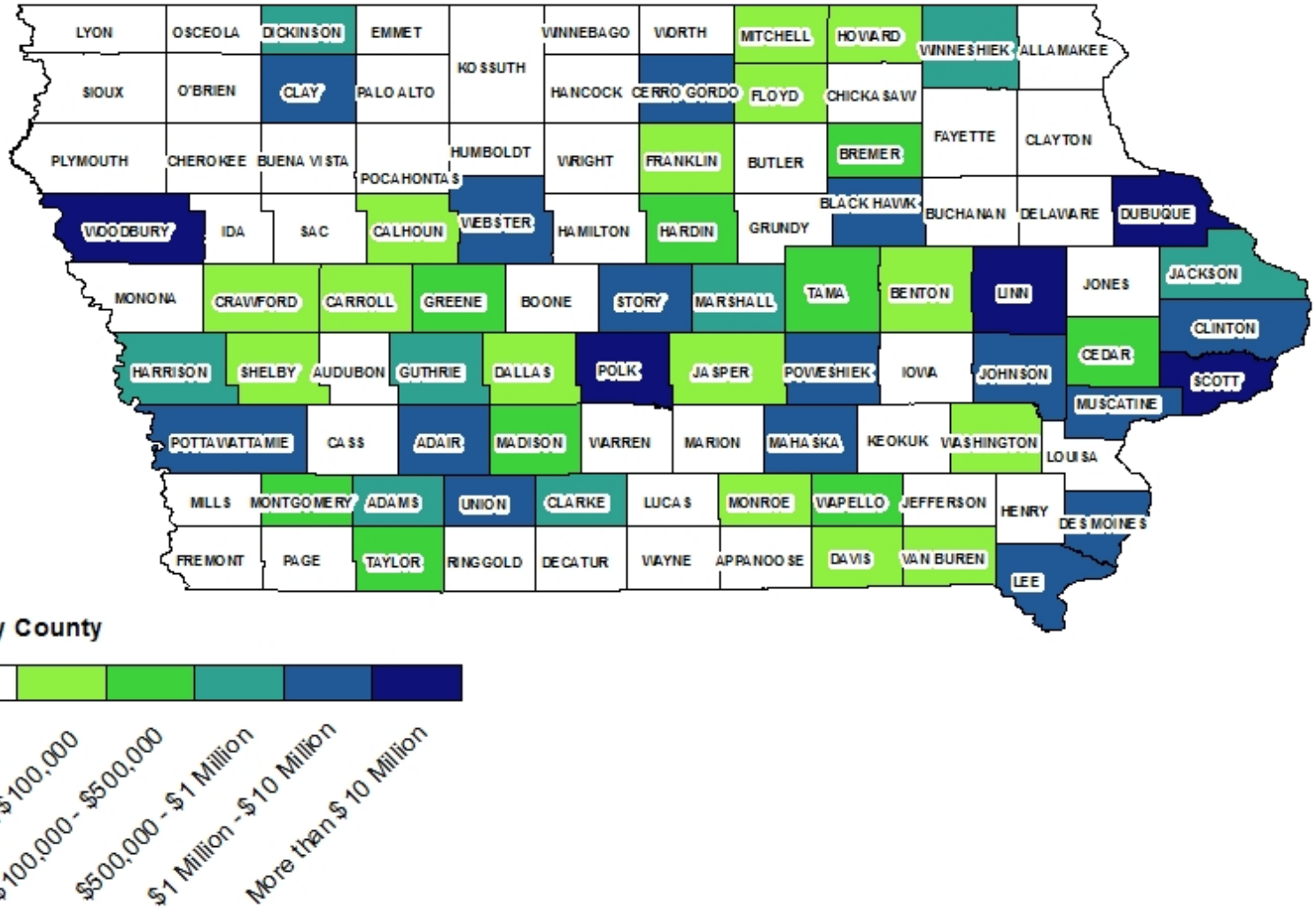


Figure 2. Historic Preservation Tax Credit Award Per Capita by County, Award Years 2001-2014

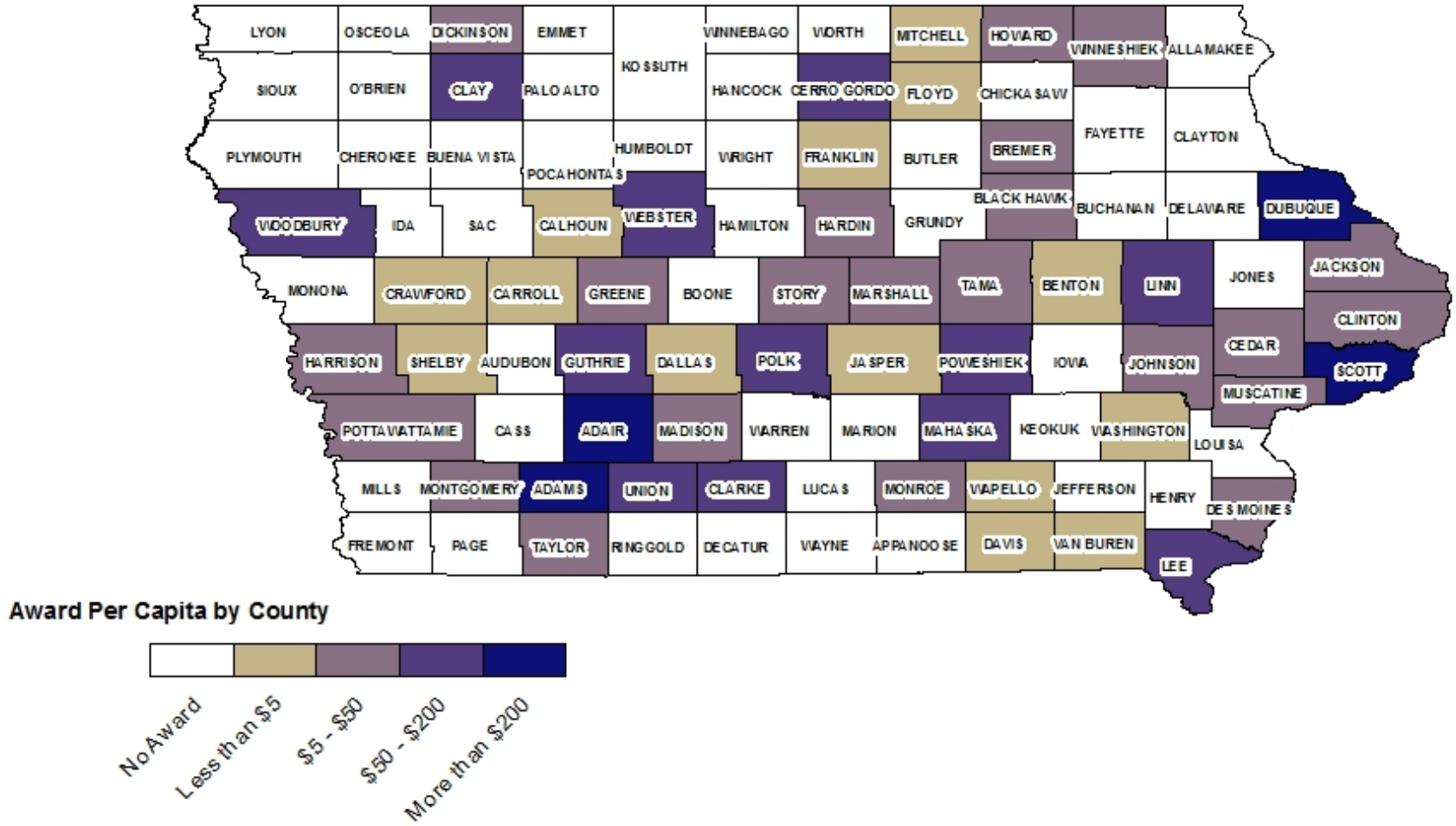


Table 8. Historic Preservation Tax Credit Awards by Estimated Project Size, Award Years 2001-2014

Estimated Project Expenditures	Number of Projects	Share of Projects	Number of Awards	Share of Awards	Total Award Amount	Share of Award Amount
Less than $500,000	143	49.0%	212	39.3%	$8,729,004	4.5%
$500,000 - $2,500,000	71	24.3%	135	25.0%	$29,986,050	15.3%
$2,500,000 - $5,000,000	34	11.6%	78	14.4%	$33,225,512	16.9%
$5,000,000 - $10,000,000	32	11.0%	88	16.3%	$60,247,483	30.7%
$10,000,000 and Above	12	4.1%	27	5.0%	$63,958,229	32.6%
Total	292	100.0%	540	100.0%	$196,146,277	100.0%

Source: Iowa Department of Cultural Affairs

Table 9. Historic Preservation Tax Credits Transferred by the Iowa Department of Revenue by Reservation Year

Reservation Year	Number of Transfers	Amount Transferred	Share of Tax Credits Awarded
2001-2006	12	$2,621,366	14.3%
2007	6	$2,622,533	41.0%
2008	8	$3,364,795	34.3%
2009	16	$8,307,104	55.5%
2010	28	$26,833,334	64.6%
2011	51	$15,870,215	41.7%
2012	10	$12,521,129	85.6%
2013	15	$19,744,177	63.4%
2014	13	$7,725,372	62.1%
2015	8	$1,829,000	41.5%
2016	7	$2,762,339	62.0%
Total	174	$104,201,364	53.1%

Source: Iowa Department of Revenue Transferred Tax Credit Data, Calendar Years 2007 – November 2014
Note: Count of original certificates transferred.

Table 10. Transferred Historic Preservation Tax Credits by Tax Type, Transfer Years 2007-2014

Tax Type of Purchaser	Number of Transfers	Amount Transferred	Share by Tax Type
Individual Income Tax	87	$24,185,469	23.2%
Corporation Income Tax	46	$27,177,835	26.1%
Franchise Tax	86	$37,379,103	35.9%
Insurance Premium Tax	42	$15,458,956	14.8%
Total	261	$104,201,363	100.0%

Source: Iowa Department of Revenue Transferred Tax Credit Data, Calendar Years 2007 – November 2014
Note: Counts final certificates transferred, where original certificates can be transferred to multiple transferees.

Table 11. Historic Preservation Tax Credit Claims by Tax Year

Tax Year	Number of Claims	Total Claims	Average Claim
2005 and 2006	29	$4,871,996	$168,000
2007	32	$5,264,710	$164,522
2008	57	$14,932,856	$261,980
2009	64	$8,926,769	$139,481
2010	114	$33,826,439	$296,723
2011	103	$23,810,995	$231,175
2012	99	$38,281,273	$386,680
2013	44	$4,321,516	$98,216
Total	542	$134,236,554	$247,669

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule
Note: Claim data in 2012 and 2013 are incomplete. Claim data in 2005 is limited.

Table 12. Historic Preservation Tax Credit Claims by Reservation Year

Reservation Year	Number of Claims	Total Claims	Average Claim
2001	6	$125,443	$20,907
2002	6	$114,652	$19,109
2003	7	$1,108,710	$158,387
2005 and 2006	8	$2,008,043	$251,005
2007	33	$2,885,439	$87,438
2008	22	$5,395,393	$245,245
2009	59	$11,467,856	$194,370
2010	139	$42,476,614	$305,587
2011	155	$27,231,898	$175,690
2012	36	$12,149,744	$337,493
2013	37	$25,398,541	$686,447
2014	34	$3,874,221	$113,948
Total	542	$134,236,554	$247,669

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule
Note: Claim data in 2012 and 2013 are incomplete.

Table 13. Historic Preservation Tax Credit Claims by Tax Type, Tax Years 2006-2013

Tax Type	Number of Claims	Total Claims	Percentage of Total Claims	Average Claim
Individual Income Tax	329	$31,675,770	23.6%	$96,279
Corporate Income Tax	124	$63,269,157	47.1%	$510,235
Franchise Tax	63	$25,357,878	18.9%	$402,506
Insurance Premium Tax	26	$13,933,749	10.4%	$535,913
Total	542	$134,236,554	100.0%	$247,669

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule
Note: Claim data for tax years 2012 and 2013 is incomplete. Individual income tax claimants include a small number of fiduciary tax claimants.

Table 14. Estimated Refunds of Historic Preservation Tax Credits by Tax Type and Tax Year

Tax Year	Individual Income Tax	Corporation Income Tax	Franchise Tax	Total Refunds	Share of Claims
2007	$450,552	$890,794	$0	$1,341,346	25.5%
2008	$2,467,315	$3,333,727	$765,828	$6,566,870	44.0%
2009	$1,847,439	$4,165,664	$7,516	$6,020,619	67.4%
2010	$4,859,393	$16,873,420	$6,885,041	$28,617,854	84.6%
2011	$4,286,067	$15,733,541	$3,295,914	$23,315,522	97.9%
2012	$11,701,793	$13,819,642	$10,233,186	$35,754,621	93.4%
2013	$1,575,542	$2,577,387	$0	$4,152,929	96.1%
Total	$27,188,101	$57,394,175	$21,187,485	$105,769,761	78.8%

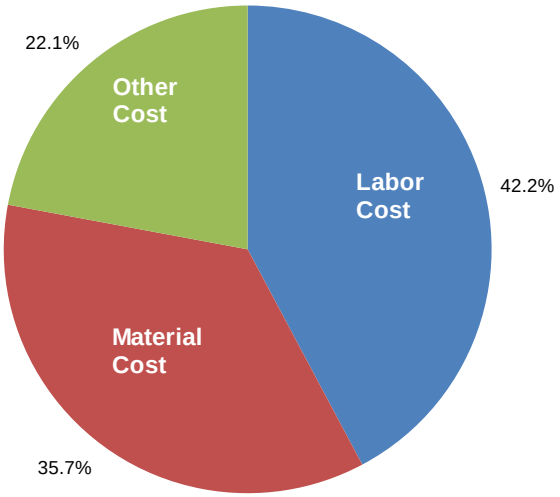
Source: Iowa Department of Revenue Tax Credit Tracking and Analysis System, Integrated Revenue Information System
Note: Tax Years 2012 and 2013 claims are incomplete.

Table 15. Self-Reported Sources of Project Funding for Projects Receiving Historic Preservation Tax Credit Awards, Awarded July 2009 – June 2014

Funding Sources	Total Amount of Funding	Share	Average Amount	Median Amount
Private External Financing	$182,043,094	29.3%	$1,582,983	$305,567
Internal Financing	$78,334,024	12.6%	$842,301	$110,000
State Historic Preservation Tax Credit	$119,726,678	19.3%	$757,764	$125,000
Federal Historic Rehabilitation Tax Credit	$88,849,864	14.3%	$1,009,658	$279,031
Federal Low Income Housing Tax Credit	$34,045,911	5.5%	$2,431,851	$2,081,433
Iowa Enterprise Zone Investment Tax Credit	$7,226,533	1.2%	$233,114	$122,792
All Other Funding Sources	$111,517,646	17.9%	$580,821	$64,806
Total Project Funding	$621,743,749	100.0%		
Number of Projects	158			
Ratio of Non-State Funds to State Historic Preservation Tax Credit	$3.20			
Ratio of Private Funds to State Historic Preservation Tax Credit	$2.17			

Source: Applicant responses on the State Historic Preservation Tax Credit Surveys
Note: Private funds include private external financing and internal financing. Non-State funds include private funds, Federal Historic Rehabilitation Tax Credits, and Federal Low Income Housing Tax Credits.

Figure 3. Distribution of Total Self-Reported Costs for Projects Receiving Historic Preservation Tax Credit Awards, Awarded July 2009 – June 2014



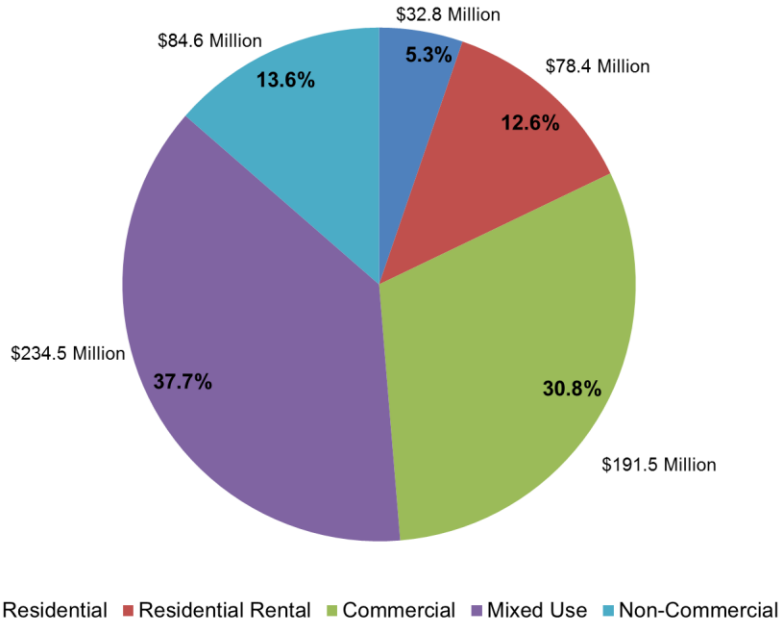
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys
Note: Other costs include financing fees, professional services and public services such as licensing and regulation compliance.

Table 16. Historic Preservation Project Space Change by Project Type for Projects Receiving Historic Preservation Tax Credit Awards, Awarded July 2009 – June 2014

Space Use	Residential	Residential Rental	Commercial	Mixed Use	Non-Commercial
Residential Space	Increase	Increase	No Change	Increase	Decrease
Low-Income Residential Space	Increase	Increase	No Change	Increase	Increase
Retail Space	No Change	Decrease	Increase	Increase	Increase
Restaurant/Bar Space	No Change	No Change	Increase	Increase	Increase
Office Space	No Change	Decrease	Increase	Increase	Decrease
Warehouse Space	Decrease	Decrease	Decrease	Decrease	No Change
Manufacturing Space	No Change	No Change	Decrease	No Change	No Change
Educational/Museum/ Library Space	No Change	Decrease	Increase	Increase	Increase
Hotel or Other Lodging Space	No Change	Decrease	Increase	Increase	Increase
Parking Space	Increase	Increase	Decrease	Increase	Increase

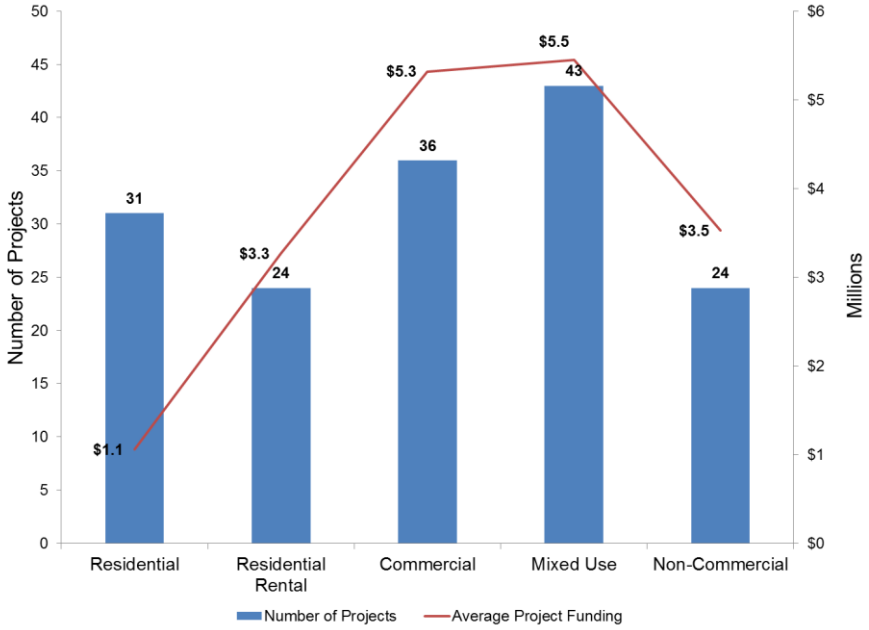
Source: Applicant responses on the State Historic Preservation Tax Credit Surveys

Figure 4. Distribution of Self-Reported Project Funding by Project Type for Projects Receiving Historic Preservation Tax Credit Awards, Awarded July 2009 – June 2014



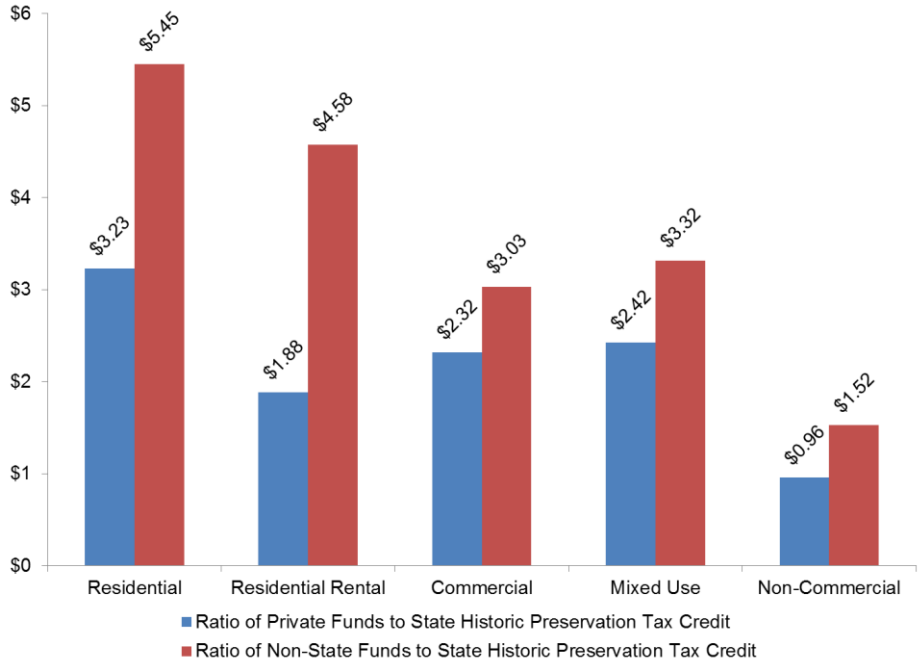
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 5. Number of Historic Preservation Tax Credit Projects and Average Self-Reported Project Funding by Project Type , Awarded July 2009 – June 2014



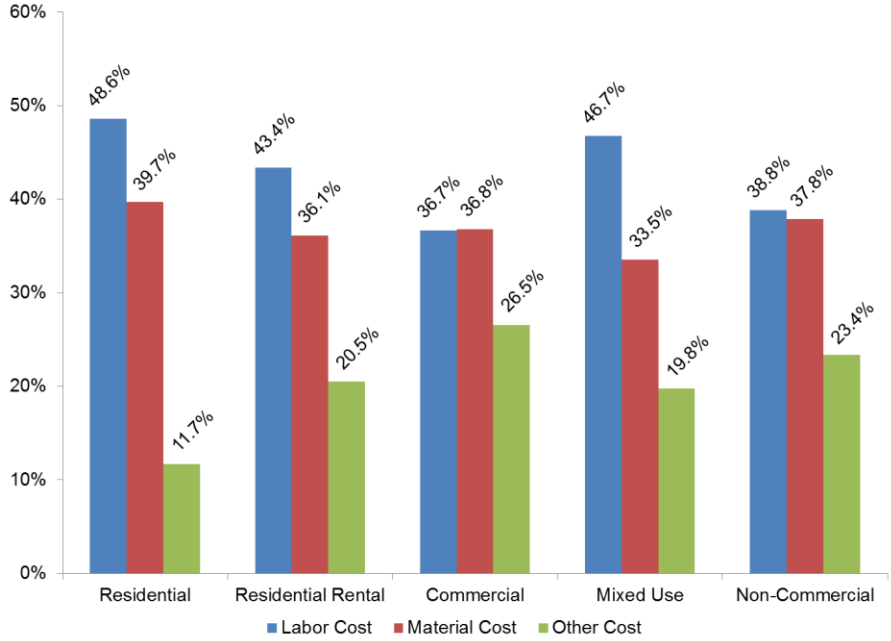
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 6. Ratios of Self-Reported Private Funding and Non-State Funding to Tax Credit Awards by Project Type for Projects Receiving Historic Preservation Tax Credit Awards, Awarded July 2009 – June 2014



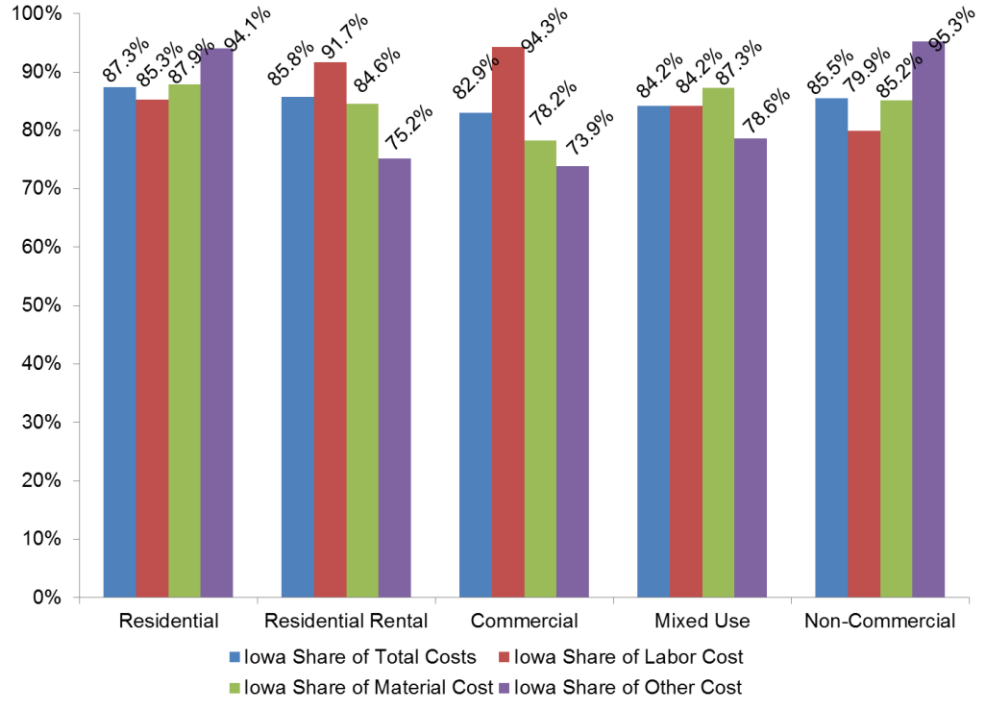
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 7. Distribution of Self-Reported Total Project Expenditures by Project Type for Projects Receiving Historic Preservation Tax Credit Awards, Awarded July 2009 – June 2014



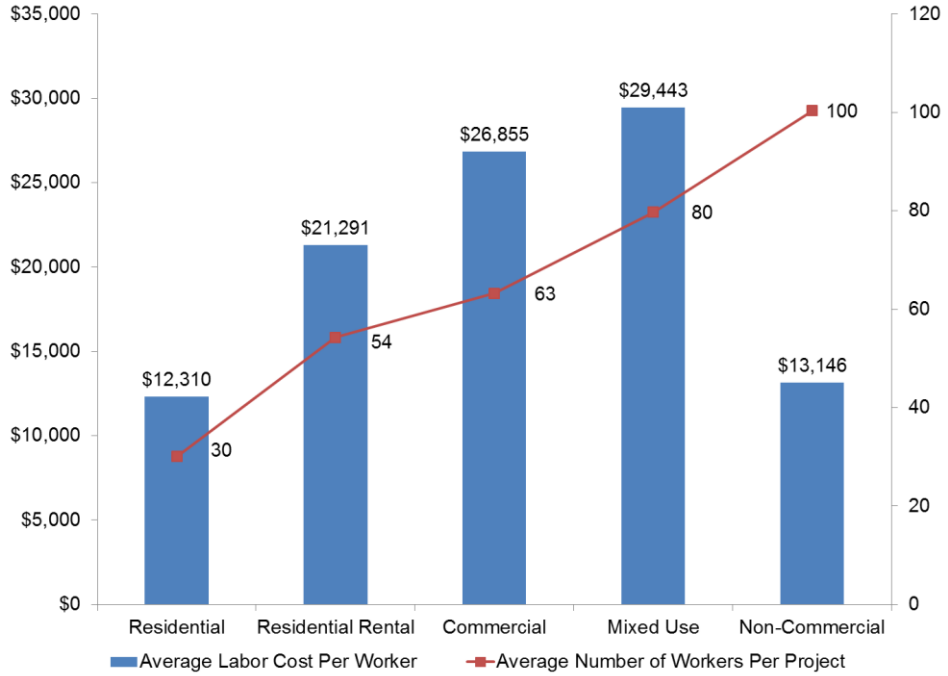
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 8. Iowa Shares of Self-Reported Historic Preservation Project Costs by Project Type, Awarded July 2009 – June 2014



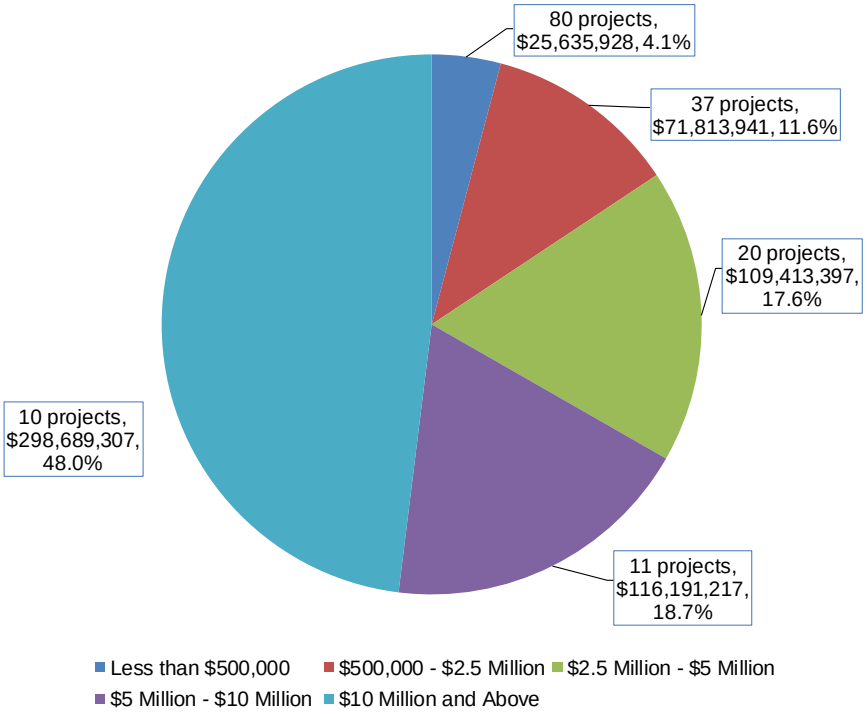
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 9. Average Labor Cost per Worker and Average Number of Workers per Historic Preservation Project by Project Type, Awarded July 2009 – June 2014



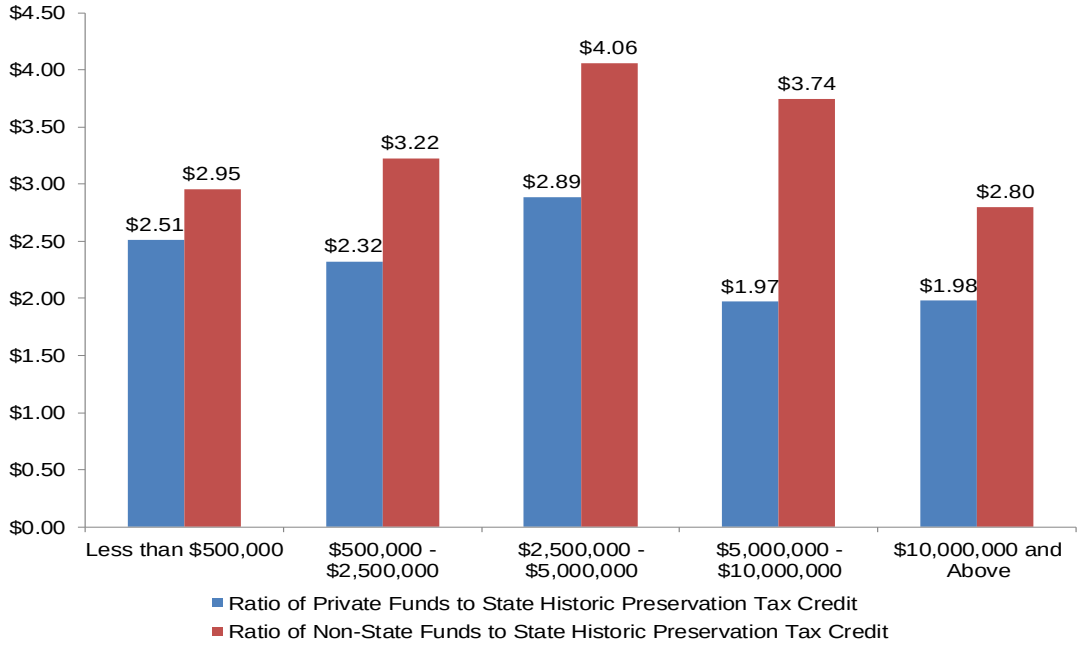
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 10. Distribution of Historic Preservation Project Count by Project Size, Awarded July 2009 – June 2014



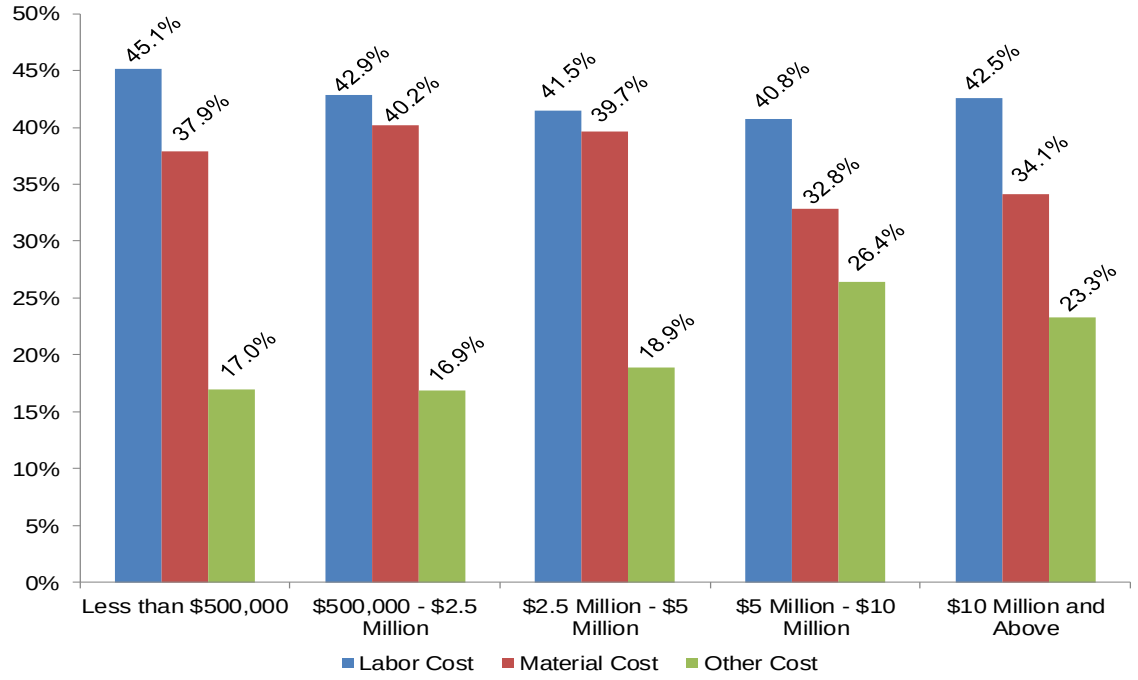
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys
Note: Some projects reported higher funding than expenditures. Project size is measured using total project expenditures.

Figure 11. Self-Reported Historic Preservation Project Private Funding Ratio and Non-State Funding Ratio by Project Size, Awarded July 2009 – June 2014



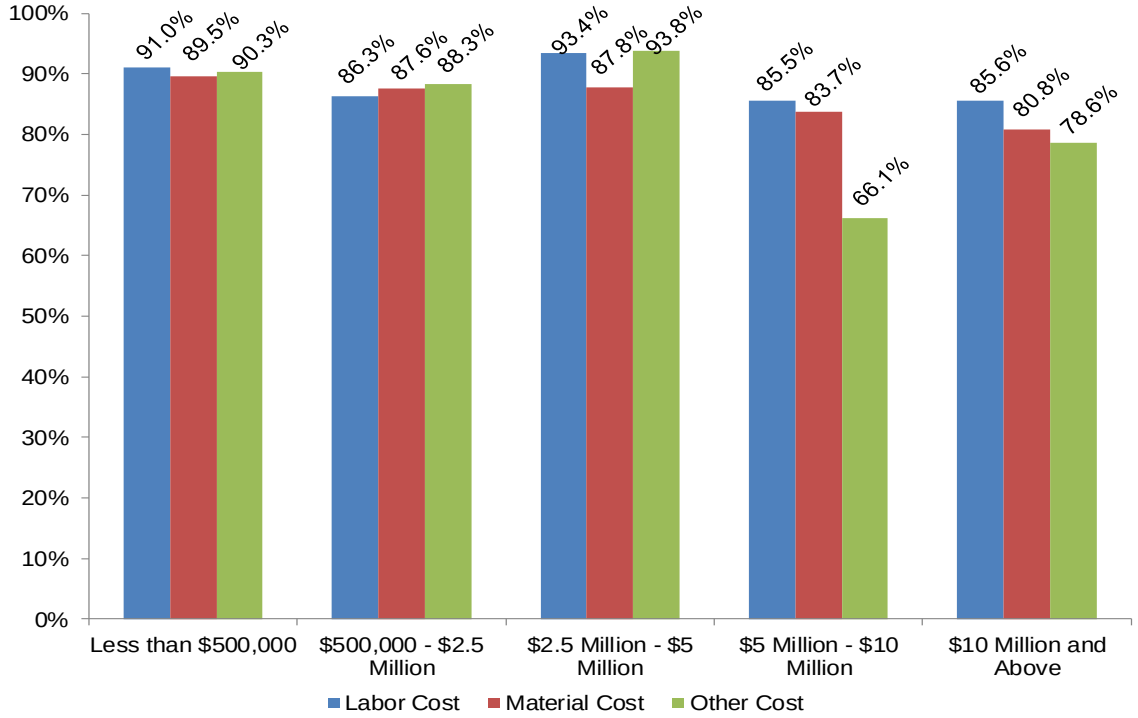
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 12. Distribution of Self-Reported Total Historic Preservation Project Costs by Project Size, Awarded July 2009 – June 2014



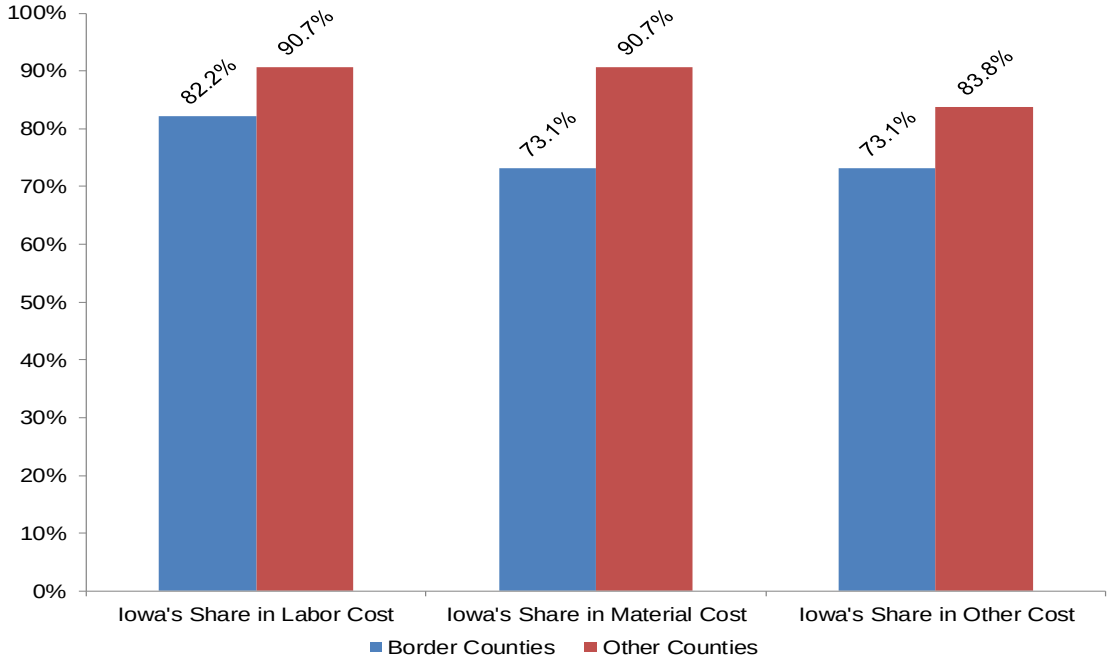
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 13. Shares of Historic Preservation Project Costs Spent in Iowa by Project Size, Awarded July 2009 – June 2014



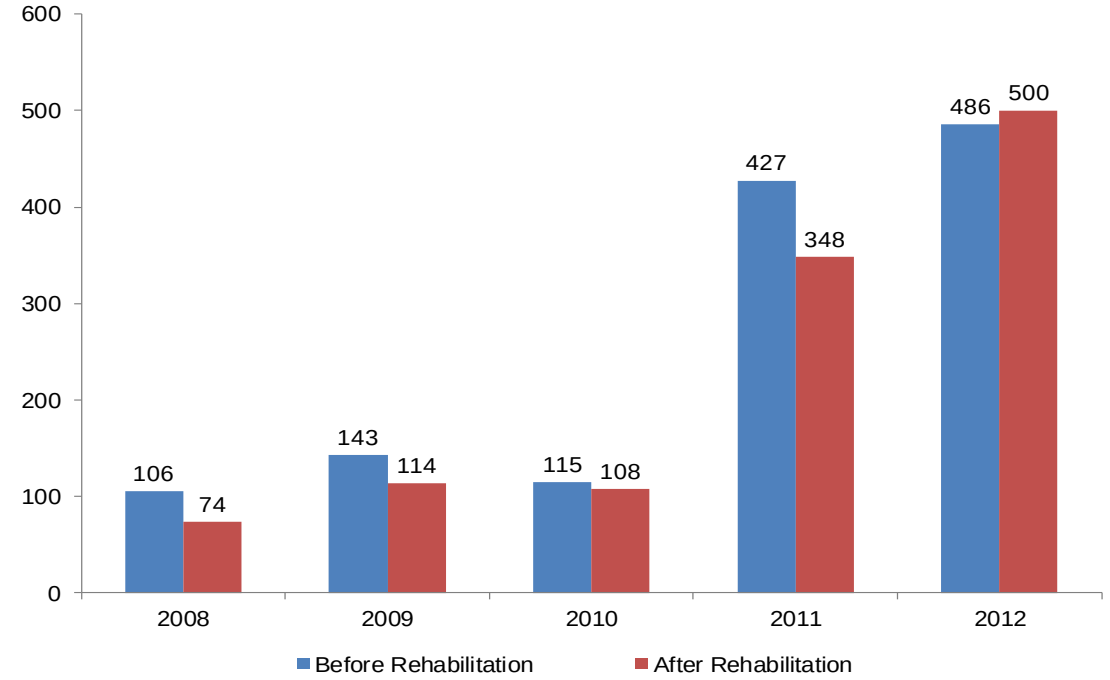
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 14. Shares of Historic Preservation Project Costs Spent in Iowa by Project Location, Awarded July 2009 – June 2014



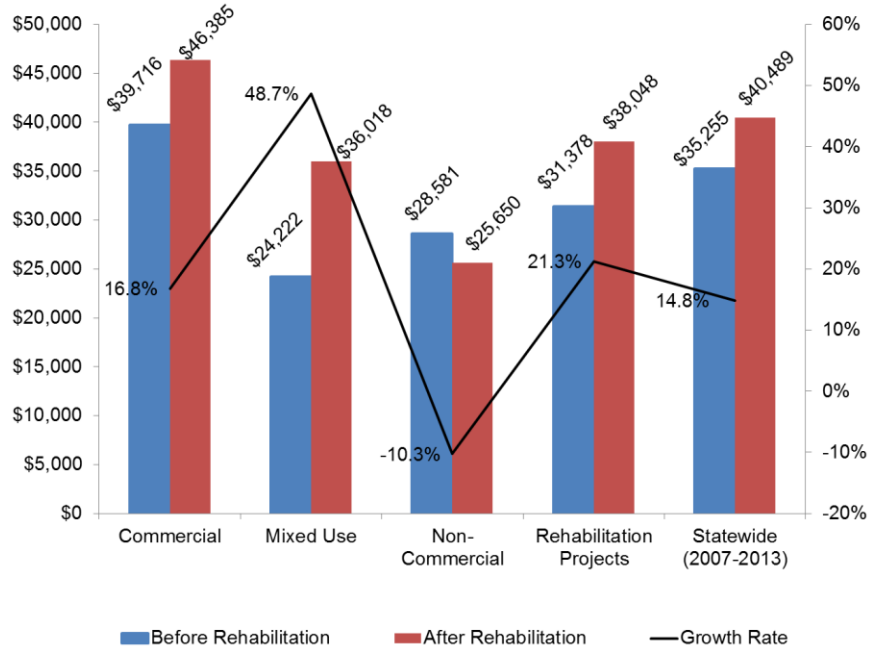
Source: Applicant responses on the State Historic Preservation Tax Credits Surveys

Figure 15. Employment at Historic Preservation Project Properties Before and After Rehabilitation, 2007 – 2013



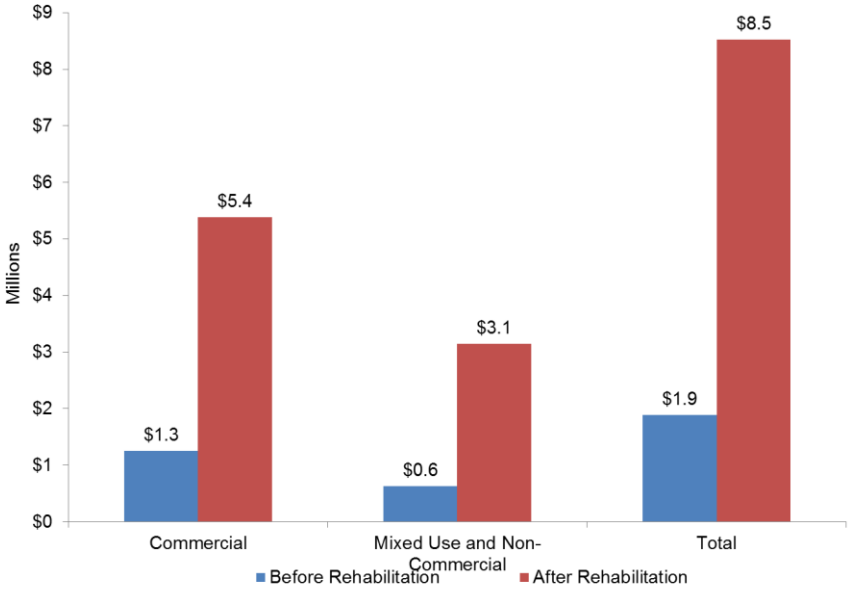
Source: Iowa Workforce Development data for projects receiving awards July 2009-June 2014

Figure 16. Annual Wages at Historic Preservation Project Properties Before and After Rehabilitation Compared to Statewide Annual Wages, 2007 - 2013



Source: Iowa Workforce Development data for projects receiving awards July 2009-June 2014

Figure 17. Annual Sales Revenue at Historic Preservation Project Properties Before and After Rehabilitation, 2007 - 2013



Source: Iowa Department of Revenue Sales and Use Tax return data for projects receiving awards July 2009-June 2014

Table 17. Net Present Values (NPV) of Property Tax Levies With and Without Historic Preservation Projects by Project Type, Awarded July 2009-June 2014

Project Category	Number of Projects	NPV of Property Tax Before Projects	NPV of Property Tax After Projects	Ratio of NPV After to NPV Before	Difference between NPVs	Tax Credit Awards	Ratio of Difference between NPVs to Award
Residential	33	$3,749,425	$11,162,302	297.7%	$7,412,877	$5,361,874	138.3%
Residential Rental	24	$2,299,305	$21,426,217	931.9%	$19,126,912	$14,553,324	131.4%
Commercial	36	$9,670,457	$44,927,612	464.6%	$35,257,155	$39,126,978	90.1%
Mixed Use	41	$9,529,184	$72,436,025	760.1%	$62,906,841	$45,694,045	137.7%
Non-Commercial	24	$8,166,304	$51,373,656	629.1%	$43,207,351	$12,984,415	332.8%
Total	158	$33,414,675	$201,325,811	602.5%	$167,911,136	$117,720,635	142.6%

Source: Applicant responses on the State Historic Preservation Tax Credits Surveys and author's calculations

Table 18. Estimated Direct, Indirect, and Induced Impacts of Historic Preservation Expenditures in Iowa, 2005-2013

Scenarios	Project Start Year	Total Rehabilitation Expenditures	Direct Impact		Indirect and Induced Impact		Total Impact			
			Jobs	Personal Income	Jobs	Personal Income	Jobs	Personal Income	Jobs per Million $	Personal Income per $
New construction expenditures occur	2005-2013	$595,970,194	1,640	$45,630,371	1,201	$59,504,824	2,842	$105,135,196	5	$0.18
No new construction expenditures	2005-2013	$595,970,194	7,292	$202,865,803	5,340	$265,317,437	12,632	$468,183,240	21	$0.79

Source: Applicant responses on the State Historic Preservation Tax Credits Surveys and REMI software
The REMI model incorporates aspects of four major modeling approaches: Input-Output, General Equilibrium, Econometric, and Economic Geography.
Direct Impact: Construction jobs and earnings directly caused by rehabilitation expenditures.
Indirect and Induced Impact: Indirect effects are the changes in sales, income or jobs in sectors within the region that supply goods and services to the construction sectors. Induced effects are the increased sales within the region from household spending of the income earned in the construction and supporting sectors.
Assumption: Without tax credit awards, there would have been no rehabilitation expenditures.

Appendix A: Historic Preservation Tax Credits Survey

Complete a Separate Form for Each Project
Return to Department of Revenue (See instructions.)

Part 1: Property Information

A: Owner Information

Property Name: _____
STC Project Number: _____
Project Address:
Street Address: _____ City _____ Zip _____
Building Owner: _____
Contact Person: _____ Company: _____
Phone Number: _____ E-Mail Address: _____
Mailing Address:
Street Address: _____ City _____ State ___ Zip_____

B: Building Information

1. Year Building Constructed: _____ 2. Year Building Purchased: _____

3. Building Use Prior to Rehabilitation Project: _____

C: Project Information

1. Project Start Date: _____ 2. Project Completion Date: _____

3. Number of Stories Above Grade: _____

4. Total Building Square Footage Above Grade: _____

5. Building Use After Rehabilitation Project _____

6. Building Usage (or Measures) Before and After Rehabilitation:

	Before	After
Total Residential Space (units)	_____	_____
Low-Income Residential Space (units)	_____	_____
Retail Space (square feet)	_____	_____
Restaurant/ Bar Space (square feet)	_____	_____
Office Space (square feet)	_____	_____
Warehouse Space (square feet)	_____	_____
Manufacturing Space (square feet)	_____	_____
Educational\ Museum\ Library Space (square feet)	_____	_____
Hotel or Other Lodging (guest rooms)	_____	_____
Parking Spaces (number)	_____	_____
Other _____		_____

D: Property Valuation and Taxation

1. Is this building eligible for the State Historic Property Tax Exemption? ⃞ Yes ⃞ No
2. Have property taxes been abated for this building? ⃞ Yes ⃞ No

3. If property taxes have been abated, please describe the nature of the abatement:

_____

_____

4. Assessed Value of Property in Year Prior to Project Start 4. $ _____
5. Assessed or Appraised Value After Project Completion 5. $ _____

Part 2: Project Finance (complete once per project)

A: Project Costs

1. Total Qualified Rehabilitation Cost 1. $ _____
2. Other Non-Qualified Project Costs 2. $ _____
   a. Total Project Cost (Line 1 + Line 2) a. $ _____

B: Project Financing

1. Private External Financing (debt or equity)
   a. Debt 1a. $ _____
   b. Equity 1b. $ _____
2. Internal Financing 2. $ _____
3. State Historic Preservation Tax Credit 3. $ _____
4. Federal Historic Preservation Investment Tax Credit 4. $ _____
5. Federal Low Income Housing Tax Credit 5. $ _____
6. Iowa Enterprise Zone Program Tax Credits 6. $ _____
7. Local Forgivable Loans 7. $ _____
8. City Grants 8. $ _____
9. Low Interest Loans 9. $ _____
10. Other (specify) _____ 10. $ _____
11. Other (specify) _____ 11. $ _____
    a. Total Financing (Add Section B, Lines 1 through 11) a. $ _____
       Should equal Section A, Line 2a.

C: Rehabilitation Project Resources and Costs

1. Labor Costs: _____
2. Materials Costs: _____
3. Other Costs: _____
4. Total Costs: _____
   (Add Section C, Lines 1 through 3)
   Should equal Section A, Line 2a.

1a. Number of Workers: _____

Description of "Other" Costs: _____

_____

_____

_____

D: Distribution of Expenditures (percentages)

	Location County	Other Iowa	Outside Iowa
1. Labor	_____	_____	_____
2. Materials	_____	_____	_____
3. Other	_____	_____	_____

For Department of Revenue Use:
Acceptance Date _____