Department of Revenue

Historic Preservation

Tax Credits Program Evaluation Study

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By
John Good

Research and Policy Division
Iowa Department of Revenue

Preface

Iowa Code Section 2.48 directs the Department of Revenue to review certain tax expenditures it administers. The review shall consist of evaluating the tax credit and assess its equity, simplicity, competitiveness, public purpose, adequacy, and extent of conformance with the original purpose of the legislation that enacted the tax expenditure, as those issues pertain to taxation in Iowa. The schedule provided in Iowa Code Section 2.48 requires a review in 2024 of the Historic Preservation Tax Credit. This is the Department of Revenue's fourth evaluation study completed for the Historic Preservation Tax Credit expenditures. Prior studies were completed in 2009, 2014, and 2019.

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:

Brent Kreider	Iowa State University
Jake Christensen	Christensen Development
Nick Sorensen	Iowa Economic Development Authority

The assistance of an advisory panel implies no responsibility for the content and conclusions of the evaluation study. This report was also reviewed by Robin Anderson, Ph.D., State Chief Economist and Division Administrator of the Research and Policy Division. This study and other evaluations of Iowa tax credits can be found on the evaluation study web page on the Iowa Department of Revenue website.

I. Executive Summary

The Iowa Historic Preservation 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 the 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 annual tax credit award cap is currently $45 million.

The Historic Preservation Tax Credit program was modified during the 2016 Legislative session. Since August 15, 2016, this tax credit has been administered by the Iowa Economic Development Authority.

These are the major findings of the study:

Historic Preservation Tax Credit Reservations and Awards

- Through June 2022, nearly $500 million in Historic Preservation Tax Credits have been reserved for 1,015 different projects in Iowa.

- Through June 2022, 937 Historic Preservation Tax Credits have been issued to 664 unique projects, totaling $480 million.

- Projects that have been awarded tax credits were spread across 68 counties in Iowa. The credits are concentrated among urban counties with Polk, Scott, Dubuque, and Linn counties accounting for more than 69 percent of total awards. Among the 654 projects, 129 were located in Polk County, totaling $139.6 million and accounting for 28.0 percent of total awarded tax credits, which was the highest among all counties.

Historic Preservation Tax Credit Claims

- Between tax years 2006 and 2022, 1,582 Historic Preservation Tax Credit claims exceeding $477.8 million in total were identified.

- Among the 1,582 claims, 1,057 were made against Iowa individual income tax, totaling $131.6 million (27.5%). About 45.2 percent of the total claims were against Iowa corporation income tax liability, totaling $216.1 million. There were 158 claims made against Iowa franchise tax and 48 claims made against Iowa insurance premium tax, most of which were claimed by taxpayers that purchased the tax credits through the transfer process.

Historic Preservation Tax Credit Application Analysis

- Between fiscal year 2015 and 2022, applicants of 213 Historic Preservation Tax Credit projects reported total project funding of $1.0 billion.

- These 213 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 47.4 percent of the total project funding ($525.2 million), the highest among all project types. Non-commercial projects accounted for 7.6 percent of the total project funding ($84.0 million), the lowest among all project types.

- The average ratio of private funds to Historic Preservation Tax Credit was 2.60 for large projects and 4.01 for small projects. The average ratio of non-state funds to Historic Preservation Tax Credit was 3.77 for large projects and 4.68 for small projects.

Economic Impacts of the Historic Preservation Tax Credits

- It is expected that neighboring properties would see an increase in assessed values, in addition to the property value increases experienced by those rehabilitated historic properties themselves. In a case study on the cities of Council Bluffs and Sioux City comparing neighboring property values of rehabilitated historic properties (focus group) and properties slightly farther away (control group), the growth rates of property values of the focus group between 2016 and 2020 were higher than those of the control group for commercial properties. The difference was more dramatic in Sioux City.

Historic Preservation Tax Credit Transfers

- The total amount of tax credits transferred during this analysis was $361.8 million. Of these original tax credits, 65.7 percent originated from Iowa individuals/entities, while 34.2 percent originated from individuals/entities outside the state of Iowa.

- Among the transferred tax credits, 61.5 percent (272 transferred credits) originated from Iowa individuals/entities to be claimed against the Iowa income tax. There were 170 transferred credits (38.5 percent) from individuals/entities outside the state of Iowa and another 1.1 percent of credits did not identify state of residence.

- Of the transferred credits that originated from Iowa residents/entities, 60.3 percent (164 transferred credits) were transferred to Iowa residents/entities. The transferred credits that originated in Iowa and remained in Iowa accounts for 28.0 percent of the total transferred credit amount ($83.1 million).

- Of the transferred credits that originated from residents/entities outside the state of Iowa, 7.1 percent (12 transferred credits) were transferred back to Iowa residents/entities. The transferred credits that originated outside the state of Iowa and returned to Iowa residents/entities accounts for 11.6 percent of the transferred credit amount ($21.2 million).

II. Introduction

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

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. Section IV reviews existing literature. Section V provides descriptive statistics of tax credit awards, transfers, and claims. Section VI shows the research on the economic and environmental impact of property rehabilitation tax credits and discusses economic activities at the project properties and neighboring properties. Section VII concludes the report.

III. Description of the Iowa Historic Preservation Tax Credit

Iowa's Historic Preservation Tax Credit was enacted during the 2000 Legislative Session and became effective July 1, 2000. This tax credit, currently administered by the Iowa Economic Development Authority (IEDA), 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 award 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.

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 designation.
- The property or district is designated as a local landmark by a city or county ordinance.
- The property is a barn constructed before 1937.

The Historic Preservation Tax Credit has been modified multiple times since its enactment. 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 awards 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 and kept at the same level since then.

As the cap was increased, different categories under which projects could be awarded were added and the program name was expanded to Historic Preservation and Cultural and Entertainment District Tax Credit. In 2014, all but the small project category with a set aside of 5 percent of the cap, $2.25 million, were eliminated from the program administration. A small project has QRE of $750,000 or less. In 2016, the name was shortened to Historic Preservation Tax Credit.

Along with the increase in the annual program cap and award categories 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. 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.

The Iowa Department of Cultural Affairs (DCA) administered the tax credit from its inception until 2016 when primary program administration was transferred to the Iowa Economic Development Authority. The program administration prior to the 2016 legislation was described in detail in the Department's previous evaluation study.

The Historic Preservation Program After the 2016 Legislative Changes

The Historic Preservation Tax Credit program was modified during the 2016 Legislative session. For projects registered prior to August 15, 2016, the program is administered by DCA pursuant to the statutes and rules that apply to projects registered prior to August 15, 2016. On or after August 15, 2016, the program is administered by IEDA.

The application process consists of the following steps:

- The applicant submits an application (the Part 1 application) to IEDA to identify a project's eligibility, such as a building's historic significance. DCA, now a part of IEDA, would help review the Part 1 application.

- If the Part 1 application is approved, the applicant submits another application (the Part 2 application) to provide a detailed description of the rehabilitation project which must meet the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (Standards). DCA would help review the Part 2 application.

- If the Part 2 application is approved, the applicant submits a registration application (Part 2B) to be used to score the applicant's rehabilitation plan and financial readiness. If the project is awarded a sufficient registration score, satisfies other requirements of the application and program, and sufficient tax credits are available, IEDA may register the project. Small projects can complete this Part 2B at any time; any other project must wait for an open application round offered by IEDA. Those rounds occur once or twice each fiscal year.

- If the project is registered, the applicant may enter into an agreement with IEDA to establish the maximum amount of the tax credit award and the terms and conditions that must be met to receive the tax credits. An applicant must enter into and comply with an agreement in order to participate in the program and claim any tax credits. In acknowledgement that projects often experience cost overruns during the rehabilitation process, the allocated tax credit award may include a maximum additional credit allowed. For a project with final qualified rehabilitation expenditures of not more than $750,000, the maximum overrun is fifteen percent.

For a project with final qualified rehabilitation expenditures between $750,000, but less than $6 million, the maximum overrun is ten percent. For a project with final qualified rehabilitation expenditures above $6 million, the maximum overrun is, five percent. Once the project is completed and the property is placed in service, the applicant submits a final application (the Part 3 application) to IEDA. Then, IEDA evaluates whether the completed work meets the federal standards and the other requirements of the agreement, laws, and regulations of the program. DCA would help review the Part 3 application.

- If the Part 3 application is approved, EDA issues a tax credit certificate to the eligible taxpayer stating the amount of tax credit. Then, the taxpayer can claim or transfer the Historic Preservation Tax Credit.

As noted above, IEDA is required to award at least five percent of the annual tax credit award limit to small projects, which are defined as projects with final QRE of $750,000 or less. If during the fiscal year, IEDA awards an amount of tax credits that is less than the maximum aggregate tax credit award limit, the difference between the awarded amount and the aggregate limit, up to ten percent of the aggregate limit, can be rolled over to the following fiscal year and awarded during that fiscal year. If an allocated tax credit is irrevocably declined by the applicant or revoked by IEDA before the end of the following fiscal year, that amount of credit can be reallocated to a new project during that same fiscal year.

Registered projects generally have 36 months to complete the rehabilitation work after the commencement date which must be by the end of the fiscal year in which the project is registered. The applicant must annually certify to IEDA that work remains in compliance with the agreement. IEDA may find the taxpayer in default and may revoke the tax credit award if the eligible taxpayer or the qualified rehabilitation project no longer meets the requirements of the agreement before a tax credit certificate is issued.

The Historic Preservation Program After the 2022 Legislative Changes

During the 2022 legislative session, the portion of the credit that can be claimed in excess of tax liability was limited for awards made on or after January 1, 2023[1]. Credits are refundable. For awards made prior to January 1, 2023, at the election of the taxpayer, the credit may be claimed as a nonrefundable tax credit and carried forward up to 5 years, or until depleted or, in the case of a refundable credit, carried forward as an overpayment.

[1] This evaluation study does not cover tax credit data following the 2022 legislative changes. This study only covers tax credit data through TY 2022 due to data collection completeness.

For awards made on or after January 1, 2023, the credit is limited whether it is claimed as refundable or nonrefundable. For tax years beginning in 2023, the refund is limited to 95 percent of the excess of the tax liability. For tax years beginning in 2024, the refund is limited to 90 percent of the excess of the tax liability. For tax years beginning in 2025, the refund is limited to 85 percent of the excess of the tax liability. For tax years beginning in 2026, the refund is limited to 80 percent of the excess of the tax liability. For tax years beginning in 2027 and later, the refund is limited to 75 percent of the excess of the tax liability. In lieu of claiming a refund, the taxpayer may elect to have the overpayment otherwise eligible for a refund carried forward as a nonrefundable tax credit up to five years or until depleted.

IV. 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 and 10 percent of QRE for certain non-historic pre-1936 buildings. 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. 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.

Description of Other States' Historic Preservation Tax Credits

As of August 2024, 38 states (including Iowa) have active state tax credit programs for preservation of historic properties (see Table A). Most states award tax credits to both qualified private residential and commercial historic properties. Vermont is the only state that does not award tax credits to private residential properties. Utah, West Virginia, and Wisconsin do not award tax credits to commercial properties.

Including Iowa, there are 16 states offering a 25 percent tax credit to eligible participants. 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 38 states.

To qualify for tax credits, 27 states impose minimum expenditure requirements on historic preservation projects. Seven states do not have such requirements. 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. Georgia has created a category of large economic development projects with award caps equal to $10 million, the highest project cap among all the states. Wisconsin has an award cap of $10,000 for residential projects, which is the lowest cap for residential projects among all the states. Iowa does not have a project award cap.

Fourteen states, including Iowa, have established an overall program award cap. 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. Only nine states have both a project award cap applicable to at least some projects and a program award cap. Hawaii, Iowa, Louisiana, 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. Iowa is one of six states with a refundable credit, which means that claimants can receive a tax refund if their tax credit exceeds their tax liability. New York offers refundability only for residential projects. Only Alabama and Iowa offer both transferability and refundability for all projects.

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. 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 tax years before the project was completed.

Among Iowa's neighboring states, Illinois, Minnesota, Missouri, Nebraska, and Wisconsin offer historic preservation tax credits. Minnesota, Nebraska, and Wisconsin have lower tax credit rates at 20 percent while Illinois and Missouri offer rates matching Iowa at 25 percent. All neighboring states offer nonrefundable credits while Iowa offers refundable credits, but Missouri and Nebraska also allow the credits to be transferred like Iowa. Illinois, Nebraska, and Wisconsin have project award caps. Illinois and Nebraska have annual program award caps of $15 million, one-third of the Iowa program cap. Minnesota and Missouri do not have an annual program cap.

V. Literature Review

Research on Benefits of Historic Preservation

Historic preservation tax credit programs are tools used by governments to incentivize the conservation and rehabilitation of historic properties. These programs aim to promote the preservation of cultural heritage while stimulating economic development. This literature review examines the effectiveness, impact, and challenges of these programs based on recent scholarly research and policy analyses.

One of the potential benefits of historic preservation tax credit programs is their effectiveness in encouraging the rehabilitation of historic properties. According to a study by Yung and Hsiao (2019), these tax credits are instrumental in reducing the financial burden associated with preserving historic buildings, thus making such projects more financially feasible. The study found that properties benefiting from tax credits typically experience increased property values and improved neighborhood aesthetics (Yung & Hsiao, 2019).

The economic impact of preservation tax credit programs has been the subject of extensive research. The National Trust for Historic Preservation (2020) reports that these programs have generated substantial economic benefits, including job creation and increased local investment. Their analysis highlights that for every dollar spent on tax credits, there is a significant return in terms of economic activity and job creation (National Trust for Historic Preservation, 2020).

Case studies provide valuable insights into the success of preservation tax credit programs. Vickery (2021) highlights several successful case studies where tax credits played a pivotal role in revitalizing historic neighborhoods and boosting local economies. According to the author, these examples illustrate how targeted tax incentives can lead to successful preservation projects with long-lasting benefits (Vickery, 2021).

Development Versus Preservation

Balancing preservation with development interests can be challenging. Gentry (2021) discusses the tension between historic preservation and new development, noting that while tax credits promote preservation, they sometimes face opposition from developers and property owners seeking to maximize profits through new construction. The author highlights that this conflict underscores the need for carefully crafted policies that align preservation goals with economic development (Gentry, 2021).

Administrative Solutions to Improve Tax Credit Programs

The implementation of any tax credit program, like the historic preservation tax credit programs can be challenging for taxpayers and agencies alike. According to McMahon and MacDonald (2022), administrative hurdles, including complex application processes and delays, can undermine the effectiveness of these programs. Their study suggests that simplifying the application process and improving program administration could enhance the overall impact of preservation tax credits (McMahon & MacDonald, 2022).

Recent research has offered several policy recommendations to enhance the effectiveness of preservation tax credit programs. Lin and Walters (2023) argue for more flexible credit structures and increased funding to address emerging preservation needs. They advocate for a revised policy framework that better supports diverse types of historic properties and encourages broader community involvement (Lin & Walters, 2023).

Some literature suggests that historic preservation tax credit programs may be effective tools for promoting the conservation of historic properties and stimulating economic growth. However, challenges in administration, balancing development interests, and implementing effective policies remain areas of concern. Ongoing research and case studies provide valuable insights into optimizing these programs.

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

Data on Historic Preservation Tax Credit allocations, awards, transfers and claims are available in the State's Tax Credit Awards, Claims & Transfer Administration System. Award definitions used in this analysis will be based upon the completed steps of the application process. A reserved credit is a credit application that has been approved under Step 2B. An awarded credit is a credit application that has been approved and completed under Step 3 of the application process.

A. Historic Preservation Tax Credit Allocations and Awards

Between July 1, 2000 and June 2023, $496.8 million of Iowa Historic Preservation Tax Credits have been awarded under the award cap for fiscal year 2001 through fiscal year 2022 (see Table 1). The total number of projects with awards is 1,015.

Not all projects that have received tax credit reservations made under the caps for fiscal years 2001 through 2022 have been awarded tax credits through the end of fiscal year 2022. Of the 1,015 reservations, 937 Historic Preservation Tax Credits have been awarded to 664 unique projects, as some projects were awarded multiple awards over years because of the annual cap, totaling $480.1 million (see Table 2). The total awarded amount is 96.6 percent of total reserved tax credits. The average award amount per project was $512,358.

Historic Preservation projects awarded tax credits since the inception of the program were spread across 68 counties in Iowa. The projects are concentrated among urban counties with projects in Polk, Scott, Dubuque, and Linn counties accounting for more than 69 percent of the awarded tax credits (see Table 3). There were 129 projects in Polk County, with awards totaling $139.6 million and accounting for 28.0 percent of total awarded tax credits, the highest among all counties. Projects in the next highest nine counties received about 57.8 percent of total awards. The combined awarded tax credits for projects located in the other 58 counties accounted for 14.2 percent of total awarded credits ($70.8 million).

B. Historic Preservation Tax Credit Claims

Thorough Historic Preservation Tax Credit claim data are first available for tax year 2006 when the IA 148 Tax Credits Schedule was introduced, although some claims in 2006-2009 were missed and a few claims for tax year 2005 were identified. Between tax years 2006 and 2022, 1,582 Historic Preservation Tax Credit claims exceeding $477.8 million in total were identified (see Table 4). There are more Historic Preservation Tax Credit claims than awards due to both the transferability of the credit and when passthrough entities are awarded the credit, the multiple partners or share holders can claim the credit awarded to the entity.

Among the 1,582 claims, 1,057 were made against Iowa individual income tax, totaling $131.6 million (27.5%) (see Table 5). About 45.2 percent of the total claims were against Iowa corporation income tax liability, totaling $216.1 million. There were 158 claims made against Iowa franchise tax and 48 claims made against Iowa insurance premium tax, most of which were claimed by taxpayers that purchased the tax credits through the transfer process. Claims against franchise tax totaled $102.2 million and claims against insurance premium tax total $26.3 million.

VII. Economic Analysis

Application Analysis

When Historic Preservation Tax Credit program participants complete applications, they are required to provide information such as the project funding sources, the description of rehabilitation projects, and the distribution of project expenditures. This analysis is intended to show how these funding sources are utilized in projects across the state of Iowa. This analysis will demonstrate what share of the funding is projected to be allocated to such expenditures as labor or material, as well as what share of that labor and material will be Iowa sourced. Thus, demonstrating how much of the tax credit is reinvested into the Iowa economy.

Between FY 2015 and 2022, Part 3 applications were approved by DCA and IEDA for 213 Historic Preservation Tax Credit projects. Those 213 projects reported total project funding of $1.0 billion, which can include funding for portions of the projects that were not qualified for the tax credit (see Table 6). The application 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 financing. Total private external financing, including bank loans, bonds, and equities, was $451.4 million, accounting for 43.9 percent of the total reported project funding. Total internal financing, defined as project owner's funds, was $104.0 million and accounted for 10.1 percent of the total. Awarded Iowa Historic Preservation Tax Credits totaled $209.3 million, accounting for 20.4 percent of the total reported project funding. Federal Historic Rehabilitation Tax Credits accounted for 14.1 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 application is submitted. The Iowa Enterprise Zone Investment Tax Credit and the Iowa Workforce Housing Tax Credit are other state level tax credits that are utilized by applicants and account for 2.0 percent of total project funding. Other funding sources included State grants, forgivable loans, and local subsidies, accounting for 2.7 percent of total project funding.

The Iowa Historic Preservation Tax Credit program encourages investment in historical buildings, but with the credit covering at most 25 percent of QRE, the projects require private investment or public investment from sources other than the State government. For every one dollar of reserved Iowa Historic Preservation Tax Credit awards for the 213 projects, respondents indicated that for every one dollar reserved of Historic Preservation Tax credits, $2.65 in private funding were invested in Iowa, defined as private external financing and internal financing, was invested in Iowa (see Table 6). For every one dollar of reserved Iowa Historic Preservation Tax Credits, $3.81 of non-State funds were invested in Iowa. Non-State funding is defined as private funding, any Federal Historic Rehabilitation Tax Credit or Federal Low-Income Housing Tax Credit reported by the applicant, and local funding sources, such as city grants and local forgivable loans.

The application also collects information on the distribution of total project expenditures between labor, materials, and other costs. Labor costs accounted for 40.3 percent of reported total project funding over all projects (see Figure 1). Material costs accounted for 32.2 percent and other costs accounted for 27.5 percent of reported total project funding. Information on what purchases comprised the other costs was not collected in the application. 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 application data includes the uses of the historic properties before and after rehabilitation. These 213 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.

The mixed-use project type accounted for nearly half of the total project funding reported on the applications at $525.2 million, the highest funding amount among the five project types (see Figure 2).[2] Commercial projects had the second highest share of funding amounts with $211.7 million of reported project funding, accounting for 19.1 percent. The project type with the smallest share of project funding was non-commercial projects at $84 million, accounting for 7.6 percent of total reported funding. Commercial properties accounted for 19.1 percent of total funding while residential accounted for the remaining 7.8 percent.

There were 50 mixed use projects awarded final Historic Preservation Tax Credits between fiscal year 2015 and 2022 (23.4% of total number of projects, 47.4% of total funding), the highest funding amount among project types, but not the number of projects (see Figure 3). The average reported funding per project was $10.7 million, also the highest. A total of 53 commercial projects (24.8% of total number of projects, 19.1% of total funding) were completed during these fiscal years, which was the second highest number among all of the project type groups. The average reported project funding of $4.0 million for commercial projects. There were 59 residential projects (27.6% of total number of projects, 7.8% of total funding) with average reported project funding of $1.3 million, which was the lowest average reported project funding among all groups.

Non-commercial 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 4). For every dollar of reserved Historic Preservation Tax Credits, $4.61 of private funding and $5.35 of non-State funding was reported by non-commercial property owners.[3] The residential rental project type had the lowest ratio of private funding to tax credit awards of $2.12, suggesting for every dollar of the reserved Historic Preservation Tax Credit $2.12 of private money was invested. The ratio of non-State funding to tax credit awards for the mixed-use projects was $3.60, the lowest among all project types.[4] The ratio of private funding to mixed-use projects was $2.62. Ratios of non-State funding to tax credit awards for residential projects and commercial projects were $4.00 and $3.62, respectively.

Applicants for the Historic Preservation Tax Credit for non-commercial projects reported that they spent 46.8 percent of total expenditures on labor, the highest percentage among all project types, and 15.5 percent of total expenditures on other costs, the lowest among all project types (see Figure 5). The share of labor costs was lowest for mixed-use projects at 38.5 percent with other costs comprising 30.4 percent, which was the highest among

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[2] There were occasionally discrepancies between total funding for projects and total expenditures reported on the application.
[3] 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.
[4] Projects defined as non-commercial could qualify for the Federal Historic Rehabilitation Tax Credit under certain circumstances.

project types. The share of material costs was relatively steady across the project types, fluctuating from 31.1 percent for mixed use projects to 37.7 percent for non-commercial projects.

With millions in expenditures, and over 40 percent going for labor costs, the Historic Preservation Tax Credit program may be associated with higher 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 application 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 FY 2015 and FY 2022, applicants reported that 83.0 percent of total project expenditures was spent on Iowa-sourced goods and services. Among the five project types, applicants with commercial projects reported spending 86.3 percent of expenditures in Iowa, the highest share (see Figure 6). Residential rental projects had the lowest Iowa share at 77.9 percent of total project expenditures.

Applicants with commercial projects reported the highest Iowa share of labor at 93.3 percent, but also the lowest Iowa share of materials (71.0%) and the highest Iowa share of other costs (94.6%). Mixed used projects and residential rental projects had an Iowa share for other costs of more than 80 percent. Residential and non-commercial projects had an Iowa share of other costs less than 80 percent.

Among these 213 awarded projects, there were 109 small projects, with QRE of $750,000 or less. For large projects with QRE of more than $750,000, every dollar of the reserved Historic Preservation Tax Credit was matched with $2.60 of private funds, which was lower than small projects ($4.01) (see Figure 7). For large projects, every dollar of the reserved Historic Preservation Tax Credit was matched with more than $3.77 of non-State funds, also lower than small projects ($4.68).

Across all of the size categories, more than 40 percent of project expenditures were reported as being spent on labor (see Figure 8). The share of material costs for small projects was close to 40.0 percent and the share of other costs was about 17.0 percent. For large projects, the share of material cost was 32.0 percent and the share of other costs was below 28.0 percent. This suggests that larger historic preservation projects spend more on economic activities beyond construction.

Economic Impact of Historic Preservation Tax Credit Projects on Property Values in Neighboring Communities

This analysis uses the case study method to analyze the secondary economic impacts of the program on a project's neighboring properties within the community. Specifically, the property value growth in properties adjacent to the property receiving the tax credit (focus property) is compared with the property value growth for properties farther from the project property in the neighborhood in the same city (control property). The hypothesis is that the growth rate in property values of focus properties should be higher than that in the control properties.

Council Bluffs and Sioux City were chosen for this case study because they are considered medium-sized cities in Iowa, and are home to multiple completed Historic Preservation Tax Credit projects.

Between 2016 and 2020, there were four completed Historic Preservation Tax Credit program projects in Council Bluffs and eight completed Historic Preservation Tax Credit program projects in Sioux City. The four completed projects in Council Bluffs included two small projects and two large projects, totaling $8.48 million of project costs, $7.63 million of other government funding, and approximately $2.37 million in Historic Preservation Tax Credit awards. The eight completed projects in Sioux City were all large commercial projects, totaling $73.43 million of project costs, $7.86 million of other government funding, and $13.52 million of Historic Preservation Tax Credit awards. The spillover impacts on neighboring properties are expected to be narrowly experienced. Ten neighboring commercial properties within a roughly two-block radius surrounding those project properties were selected as focus properties.

The next step in the analysis was the selection of control properties. Not all properties in Council Bluffs and Sioux City are suitable to be used as the control properties. Control properties must be similar to the focus properties, but not directly impacted by projects under study. Because economic activity in different areas of each city could have significantly different impacts on property values, it was necessary to select control properties in the same general neighborhood. Ten commercial properties within the 0.1-mile radius of the project properties, but outside the two-block radius, were selected as control properties. Thus, control properties are close to focus properties so that general economic factors within the city should be the same. At the same time, control properties are far enough away from the project property receiving the Historic Preservation Tax Credit award such that the program should have little impact on the control properties' assessed values.

The data used to measure the impact of the project are the assessed property values of focus properties and control properties in 2016 and 2020. Recall these awarded projects were started and completed between those years (see Table 7). Properties in the control and the focus groups in Council Bluffs had relatively similar assessed values prior to the historic renovation projects. The average assessed value of commercial properties of the focus group was $511,700, higher than that of the control group ($459,300).

For those selected properties in Sioux City, the average assessed value ($1.4 million) of the focus group before the awarded projects started were much higher than those of the control group (the average assessed value of $275,500).

For commercial properties in both Council Bluffs and Sioux City, focus groups experienced a relatively larger increase of average assessed property value between 2016 and 2020, than those for control groups. The assessed values of properties in the focus groups in Sioux City and Council Bluffs were higher than those of properties in the control groups prior to the awarded projects. Thus, the percentage changes of the average assessed values between 2016 and 2020 were used to measure the impacts of awarded projects on neighboring communities (see Figure 9).

In Sioux City, the average assessed value of commercial properties in the focus group grew by 18.4 percent between 2016 and 2020, considerably higher than the 4.2 percent for the control group. In Council Bluffs, the average assessed value of commercial properties in the focus group grew by 7.3 percent between 2016 and 2020, slightly higher than the 6.2 percent for the control group.

The results of the case study suggest that the awarded projects, aided by government funding including the Historic Preservation Tax Credit, are associated with improved property values for adjacent commercial properties. However, there is consideration to be made for outside influences that could have contributed to the increase in property valuations. These outside influences would include the potential for the property investors to have chosen higher property value areas in which to develop.

Analysis of Tax Credit Transfer Utilization

As noted in Section II, the Iowa Historic Preservation Tax Credit can be transferred. When taxpayers are unable to utilize a tax credit due to limited tax liability it is beneficial to provide a transferability provision to the credit. This analysis section focuses on the concentration of transferred credits within and out of the state of Iowa. 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 issued by the Iowa Department of Revenue (IDR).

169 original tax credit certificates that were transferred between TY 2001 and TY 2020 were utilized for this analysis. These transfers were administered by the IDR beginning in 2007 (see Table 8). The total amount of tax credits transferred during this analysis was $361.8 million. Of these original tax credits, 65.7 percent originated from Iowa individuals/entities, while 34.2 percent originated from individuals/entities outside the state of Iowa. Among the transferred tax credits, 61.5 percent (272 transferred credits) originated from Iowa individuals/entities to be claimed against the Iowa income tax (see Table 9). There were 170 transferred credits (38.5 percent) from individuals/entities outside the state of Iowa and another 1.1 percent of credits did not identify state of residence. Forty-one percent (181 transferred credits) were transferred to Iowans to be claimed against the Iowa income tax (see Table 9). There were 266 transfers to individuals/entities outside the state of Iowa (60.2 percent).

Analysis of the monetary value of the credits shows that 49.4 percent of the transferred credit value ($178.5 million) was transferred from Iowa residents/entities, while 50.6 percent of the transferred credit value ($182.7 million) was transferred from individuals/entities outside the state of Iowa. There were 28.1 percent transferred credit value ($101.5 million) transferred to Iowa resident/entities, while 72.1 percent of transferred credit value ($260.3 million) was transferred to residents/entities outside the state of Iowa.

When focusing the concentration of the transfers to the location of the transferee and to where the credit and credit amounts are being transferred it is discovered that non-resident taxpayers are utilizing transferred credits more than resident Iowans. Of the transferred credits that originated from Iowa residents/entities, 60.3 percent (164 transferred credits) were transferred to Iowa residents/entities (see Table 10). The transferred credits that originated in Iowa and remained in Iowa accounts for 28.0 percent of the total transferred credit amount ($83.1 million). There were 39.7 percent of transferred credits that originated from Iowa residents/entities that were transferred to individuals/entities outside the state of Iowa and accounted for 26.4 percent of the total transferred credit amount ($95.5 million).

Of the transferred credits that originated from residents/entities outside the state of Iowa, 7.1 percent (12 transferred credits) were transferred back to Iowa residents/entities. The transferred credits that originated outside the state of Iowa and returned to Iowa residents/entities accounts for 11.6 percent of the transferred credit amount ($21.2

million). There were 92.9 percent of transferred credits that originated from residents/entities outside the state of Iowa that were transferred to individuals/entities outside the state of Iowa and accounted for 88.4 percent of the total transferred credit amount ($161.5 million).

VIII. Conclusion

This evaluation study deepens the understanding of the Iowa Historic Preservation Tax Credit beyond the Department's previous evaluation studies of this program. The program has gained increasing attention because of the recent legislative changes to the program. The 2022 legislative session changes stated that for awards made on or after January 1, 2023, the credit is limited whether it is claimed as refundable or nonrefundable. For tax years beginning in 2023, the refund is limited to 95 percent of the excess of the tax liability. For tax years beginning in 2024, the refund is limited to 90 percent of the excess of the tax liability. For tax years beginning in 2025, the refund is limited to 85 percent of the excess of the tax liability. For tax years beginning in 2026, the refund is limited to 80 percent of the excess of the tax liability. For tax years beginning in 2027 and later, the refund is limited to 75 percent of the excess of the tax liability.

These legislative changes are not analyzed in this study due to limitation of the available complete tax return data. Investor behavior may change due to the reduction of the refundability provision from the 2022 legislation In lieu of claiming a refund, the taxpayer may elect to have the overpayment otherwise eligible for a refund carried forward as a nonrefundable tax credit up to five years or until depleted. These legislative changes could lead investors to utilize the transferability of the credit to a third party rather than utilizing the refundable portion of the credit

When evaluating application data responses, it is discovered that the historic preservation projects add economic benefit to Iowa. The economic benefit is experienced through both employment opportunity and wages for Iowa laborers and sales of Iowa sourced goods. The 213 projects reviewed in this analysis, reported total project funding of $1.0 billion. Total private external financing, including bank loans, bonds, and equities, was $451.4 million, accounting for 43.9 percent of the total reported project funding. Application data indicated that for every one dollar reserved of Historic Preservation Tax credits, $2.65 in private funding were invested in Iowa.

Labor costs accounted for 40.3 percent of reported total project funding over all projects. Over all of the projects completed and awarded tax credits between FY 2015 and FY 2022, applicants reported that 83.0 percent of total project expenditures was spent on Iowa-sourced goods and services. This analysis of historic preservation tax credit applications shows that this tax credit creates a benefit for developers to consider restoring historic buildings and utilize Iowa based goods and services.

In a case study using the cities of Council Bluffs and Sioux City which compared neighboring property values of rehabilitated historic properties (focus group) and properties slightly farther away (control group), the growth rates of property values of the focus group between 2016 and 2020 were higher than those of the control group for commercial properties.

There may be some importance in keeping Iowa tax dollars in the state of Iowa and benefiting residents of Iowa. Through this evaluation study it is evident that Iowa resident taxpayers awarded this tax credit are more likely to transfer the credit to fellow residents. However, Iowa resident taxpayers awarded this credit transfer a higher credit amount to purchasers outside the state of Iowa. This suggests that outside entities that hold Iowa tax liability purchase higher amounts of available credits. Non-resident taxpayers that are awarded this tax credit are more likely to transfer the tax credit to fellow non-residents and at higher credit amounts. This suggests that investors in historic preservation projects within the state of Iowa are more successful in transferring the credit to non-resident taxpayers.

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 the spaces of buildings are retained in Iowa communities. Through analysis of application data for historic preservation projects receiving tax credits, it is found that this program does encourage economic expansion in the state of Iowa through hiring and the purchase of material from within the state of Iowa. Despite its limitations it is hoped that this evaluation study provides a positive contribution to the understanding of the Iowa Historic Preservation Tax Credit.

IX. References

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X. Tables and Figures

Table A. Summary of Federal and Other States' Tax Credits

Government	Credit Name	Enactment Year	Tax Credit Rate: Residential	Tax Credit Rate: Commercial	Minimum Expenditure Requirement	Project Award Cap	Annual Program Cap	Transferable	Refundable	Carry Forward
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	Yes	None
Arkansas	Historic Rehabilitation Income Tax Credit	2009	25% of QRE	25% of QRE	$25,000	$400,000 on income-producing property and $25,000 on non income-producing property	$4 million	Yes	No	5 years
California	California Historic Rehabilitation Tax Credit	2021	20% of QRE	20% of QRE						7 Years
Colorado	Historic Property Preservation Tax Credit	1990	20% of QRE	20%-30% of QRE	$5,000	$1 million for commercial project and $50,000 for residential project	None	No	No	10 years
Connecticut	Connecticut Historic Rehabilitation Tax Credit	2000	30% of QRE	25% of QRE						5 Years
Delaware	Historic Preservation Tax Credit	2001	30% of QRE	20% of QRE, 100% if a certified historic property qualifying for credit award is a resident curatorship (limited to $5,000)	$5,000	$30,000 per homeowner. No cap for income-producing property	$5.1 million	Yes	No	10 years

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, $300,000 cap for certified structures, $5 million and $10 million for projects with large investment and job creation	$25 million	Yes	No	10 years
Hawaii	Historic Preservation Tax Credit	2019	30% of QRE	30% of QRE	None	None	$1 million	No	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	$3 million	$15 million	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 PreservationTax 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 (<95% in TY 2023, <90% in TY 2024, <85% in TY 2025, <80% in TY 2026, <75% in TY 2027 and later)	5 years if choose nonrefundable
Kansas	Historic Preservation Tax Credit	2002	25% of QRE, for nonprofit 30% of QRE	25% of QRE, for nonprofit 30% of QRE	$5,000	None	None	Yes	No	10 years
Kentucky	Historic Preservation Tax Credit	2005	30% of QRE	20% of QRE	$20,000	$60,000 for owner-occupied residences. $400,000 for other property	$5 million	Yes	No	7 years

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	20% of QRE	20% of QRE	$10,000	None	$5 million	Yes	No	5 years
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	$5 million	None	No	Yes	None
Maryland	Sustainable Communities Tax Credit	1997	20% of QRE	20% of QRE	$5,000 for owner-occupied residences; $25,000 for commercial projects	$50,000 per owner-occupied residential project and small commercial projects; $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
Michigan	Michigan Historic Preservation Tax Credit	2020	25% of QRE	25% of QRE						10 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	No	5 years
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	No	10 years
Missouri	Historic Preservation Tax Credit	1998	25% of QRE	25% of QRE	50% of the adjusted basis of the structure	None	None	Yes	No	10 years carry forward and 3 years carry back

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 Jersey	New Jersey Historic Property Reinvestment Program	2020		40% of QRE						
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	15% of QRE for owner-occupied residences	15%-25% of QRE for income producing property	$25,000 for owner-occupied residences	$22,500 for owner-occupied residences	None	No	No	9 years
North Dakota	Renaissance Zone Historic Preservation Tax Incentives	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	None	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

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	Rhode Island Historic Tax Credit	2002	20% of QRE	20% of QRE						10 Years
South Carolina	Historic Preservation Tax Credit	1976	25% of QRE	10%-25% of QRE	$15,000 for residential projects	$1 million	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	Yes	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	25% of QRE	Not Eligible	None	None	None	No	No	5 years
Wisconsin	Supplement to Federal Historic Rehabilitation Tax Credit	1988	20% of QRE	Not Eligible	None	$10,000 for residential projects, $3.5 million for commercial projects	None	No	No	15 years

Source: National Trust for Historic Preservation

Table1. Historic Preservations Tax Credit Allocations by Award Year

Reservation Year	Number of Reserved Projects	Total Reserved Tax Credits	Average Reserved Tax Credits
2001	18	$2,400,001	$133,333
2002	14	$2,400,000	$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	19	$6,599,999	$347,368
2008	23	$9,800,001	$426,087
2009	47	$14,966,072	$318,427
2010	112	$44,656,279	$398,717
2011	172	$40,490,951	$235,413
2012	63	$22,414,502	$355,786
2013	42	$43,472,782	$1,035,066
2014	95	$38,383,242	$404,034
2015	68	$57,945,518	$852,140
2016	81	$37,909,202	$468,015
2017	54	$51,648,587	$956,455
2018	55	$43,735,317	$795,188
2019	43	$38,664,388	$899,172
2020	32	$15,127,702	$472,741
2021	27	$12,128,044	$449,187
2022	14	$532,118	$38,008
Total	1,015	$496,799,705	$489,458

Source: Tax Credit Award, Claim & Transfer Administration System (CACTAS)

Table 2. Historic Preservation Tax Credits Awarded by Award Year

Reservation Year	Number of Awards	Total Awards	Average Award	Share of Reserved Tax Credits Issued
2001	18	$2,400,001	$133,333.39	100.0%
2002	14	$2,400,000	$171,428.57	100.0%
2003	8	$2,400,000	$300,000.00	100.0%
2004	5	$2,400,000	$480,000.00	100.0%
2005	7	$2,325,000	$332,142.86	100.0%
2006	16	$6,400,000	$400,000.00	100.0%
2007	18	$6,399,999	$355,555.50	97.0%
2008	23	$9,800,001	$426,087.00	100.0%
2009	47	$14,966,072	$318,427.06	100.0%
2010	102	$41,642,531	$408,260.11	93.3%
2011	164	$38,656,809	$235,712.25	95.5%
2012	53	$15,748,211	$297,136.06	70.3%
2013	40	$41,434,841	$1,035,871.03	95.3%
2014	80	$36,297,347	$453,716.84	94.6%
2015	59	$59,731,142	$1,012,392.24	103.1%
2016	72	$44,090,304	$612,365.33	116.3%
2017	55	$46,120,313	$838,551.15	89.3%
2018	58	$73,810,860	$1,272,601.03	168.8%
2019	44	$24,917,064	$566,296.91	64.4%
2020	32	$5,736,929	$179,279.03	37.9%
2021	13	$1,658,698	$127,592.15	13.7%
2022	9	$743,649	$82,627.67	139.8%
Total	937	$480,079,771	$512,358	96.6%
Number of Unique Projects:	664	Average Award Per Project:	$723,011.70	

Source: Tax Credit Award, Claim & Transfer Administration System (CACTAS)
Note: Due to incomplete data submission from taxpayers, this table contains duplicate award data in TY 2015, TY 2016, TY 2018, and TY 2022 that are unidentifiable.

Table 3. Historic Preservation Tax Credit Awards by County

County	Number of Projects	Total Awards	Share of Total Awards	Average Award
POLK	129	$139,594,479	28.0%	$1,082,128
SCOTT	88	$88,022,973	17.7%	$1,000,261
DUBUQUE	59	$69,793,332	14.0%	$1,182,938
LINN	73	$47,381,425	9.5%	$649,061
WOODBURY	17	$27,074,805	5.4%	$1,592,636
BLACK HAWK	35	$26,077,268	5.2%	$745,065
WEBSTER	4	$8,329,206	1.7%	$2,082,302
DES MOINES	17	$7,734,119	1.6%	$454,948
POWESHIEK	14	$6,789,965	1.4%	$484,998
POTTAWATTAMIE	11	$6,774,261	1.4%	$615,842
Other Counties	207	$70,775,720	14.2%	$341,912
Total	654	$498,347,553	100%	$761,999

Source: Tax Credit Award, Claim & Transfer Administration System (CACTAS)

Table 4. Historic Preservation Tax Credit Claims by Tax Year

Tax Year	Number of Claims	Total Claims	Average Claim
2005 and 2006	35	$4,941,541	$141,187
2007	40	$6,377,216	$159,430
2008	52	$14,352,533	$276,010
2009	64	$8,926,769	$139,481
2010	116	$33,780,290	$291,209
2011	107	$25,125,982	$234,822
2012	103	$43,795,735	$425,201
2013	120	$20,475,584	$170,630
2014	79	$30,522,787	$386,364
2015	145	$32,849,982	$226,552
2016	250	$57,608,444	$230,434
2017	63	$53,218,588	$844,739
2018	90	$41,504,242	$461,158
2019	105	$33,662,583	$320,596
2020	63	$39,737,604	$630,756
2021	83	$15,366,928	$185,144
2022	67	$15,562,387	$232,274
Total	1,582	$477,809,195	$302,028.57

Source: Tax Credit Award, Claim & Transfer Administration System (CACTAS)

Table 5. Historic Preservation Tax Credit Claims by Tax Type, TY 2005 – TY 2022

Tax Type	Number of Claims	Total Claims	Percentage of Total Claims	Average Claim
Individual Income Tax	1,057	$131,587,666	27.5%	$124,492
Corporate Income Tax	295	$216,051,395	45.2%	$732,378
Franchise Tax	158	$102,248,922	21.4%	$647,145
Insurance Premium Tax	48	$26,330,146	5.5%	$548,545
Estate and Fiduciary	22	$1,508,413	0.3%	$68,564
Total	1,582	$477,809,195	100.0%	$302,029

Source: Tax Credit Award, Claim & Transfer Administration System (CACTAS)

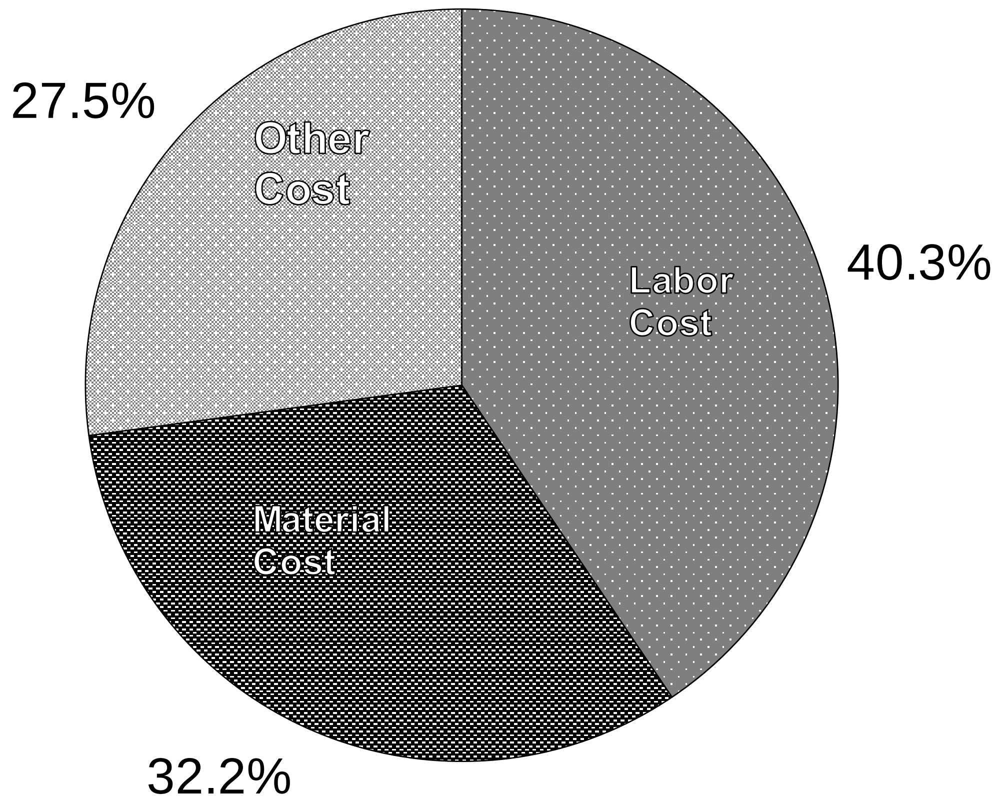
Table 6. Self-Reported Sources of Project Funding for Projects Receiving Historic Preservation Tax Credit Final Awards, FY 2015 – FY 2022

Funding Sources	Total Amount of Funding	Share	Average Amount
Private External Financing	$451,376,689	43.9%	$2,119,139
Internal Financing	$103,978,908	10.1%	$488,164
State Historic Preservation Tax Credit	$209,320,780	20.4%	$982,727
Federal Historic Rehabilitation Tax Credit	$145,202,847	14.1%	$681,704
Federal Low Income Housing Tax Credit	$68,930,297	6.7%	$323,616
Iowa Enterprise Zone Investment Tax Credit	$10,208,131	1.0%	$47,926
Iowa Workforce Housing Tax Credit	$10,657,450	1.0%	$50,035
All Other Funding Sources	$27,357,359	2.7%	$128,438
Total Project Funding	$1,027,032,461	100.0%	$4,821,749
Number of Projects	213		
Ratio of Non-State Funds to State Historic Preservation Tax Credit	$3.81		
Ratio of Private Funds to State Historic Preservation Tax Credit	$2.65		

Source: Applications for the State Historic Preservation Tax Credit Awards

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.

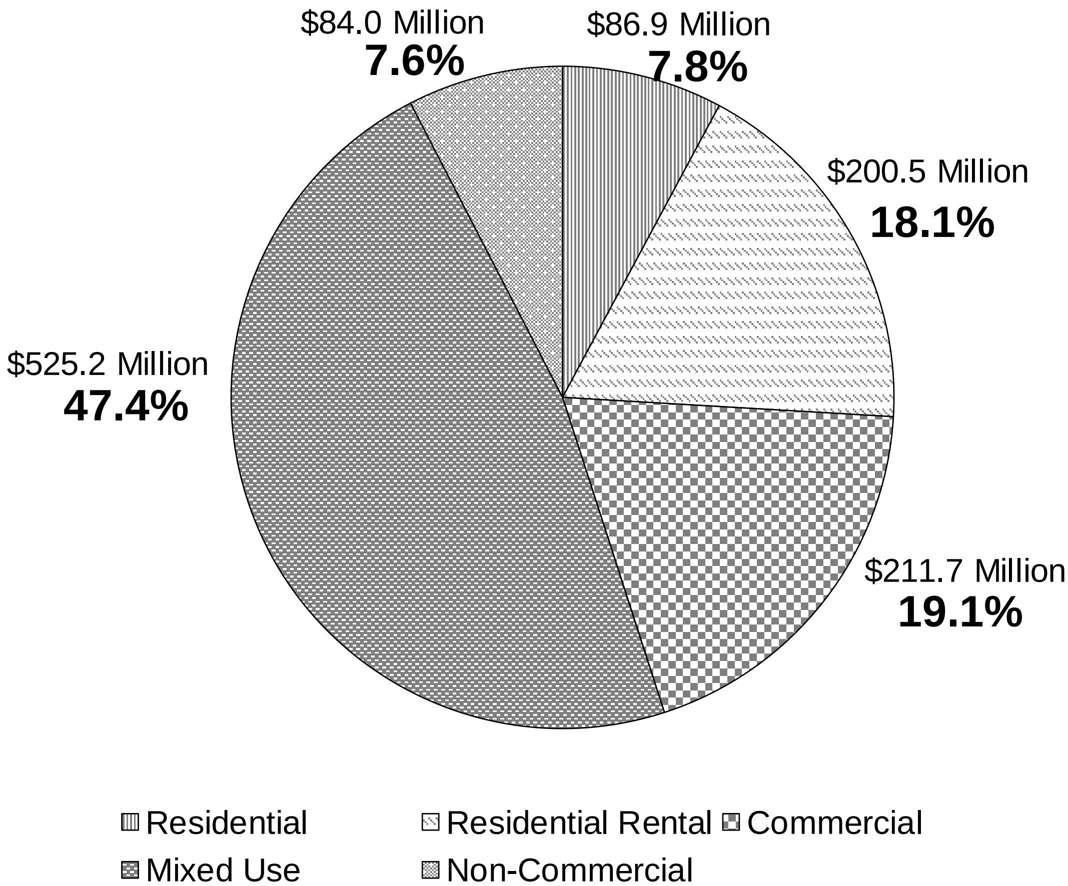
Figure 1. Distribution of Total Self-Reported Costs for Projects Receiving Historic Preservation Tax Credit Applications, FY 2015 – FY 2022



Source: Applications for the State Historic Preservation Tax Credit Awards

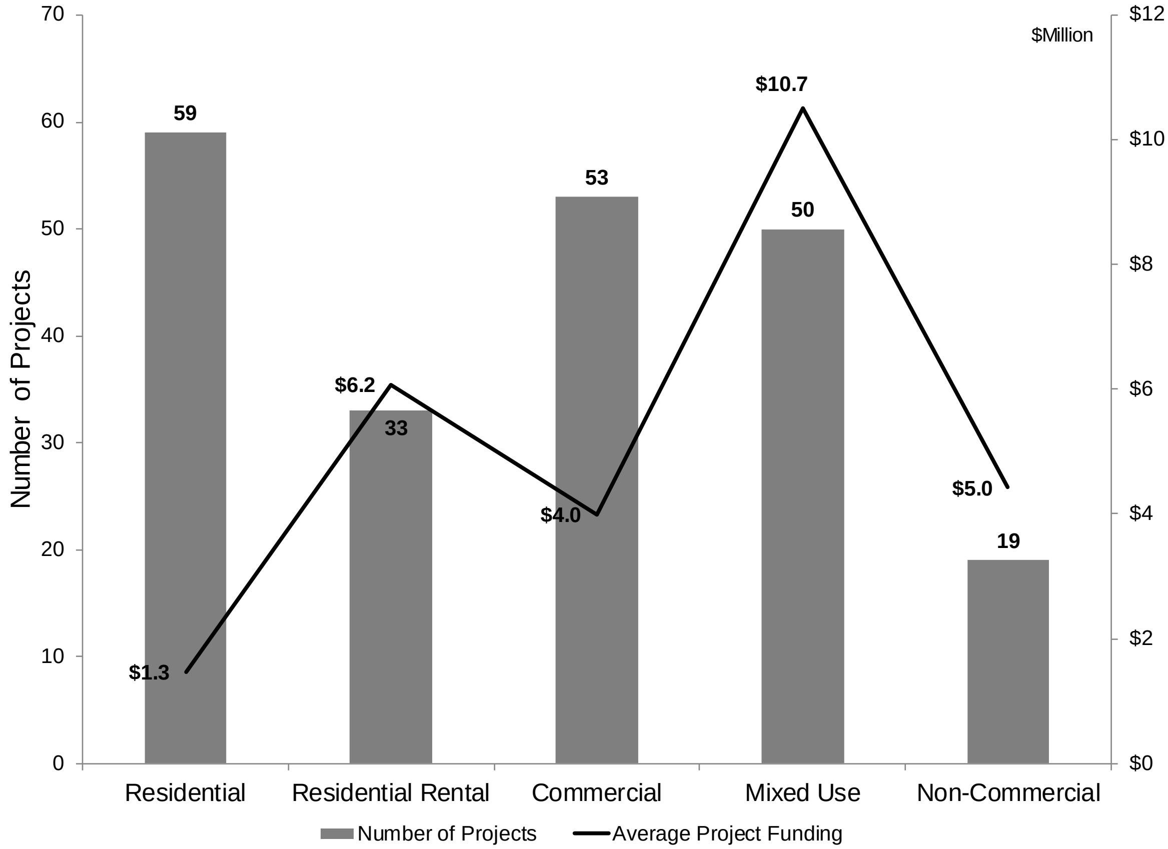
Note: Other costs include financing fees, professional services and public services such as licensing and regulation compliance.

Figure 2. Distribution of Self-Reported Project Funding by Project Type for Projects Receiving Historic Preservation Tax Credit, FY 2015 – FY 2022



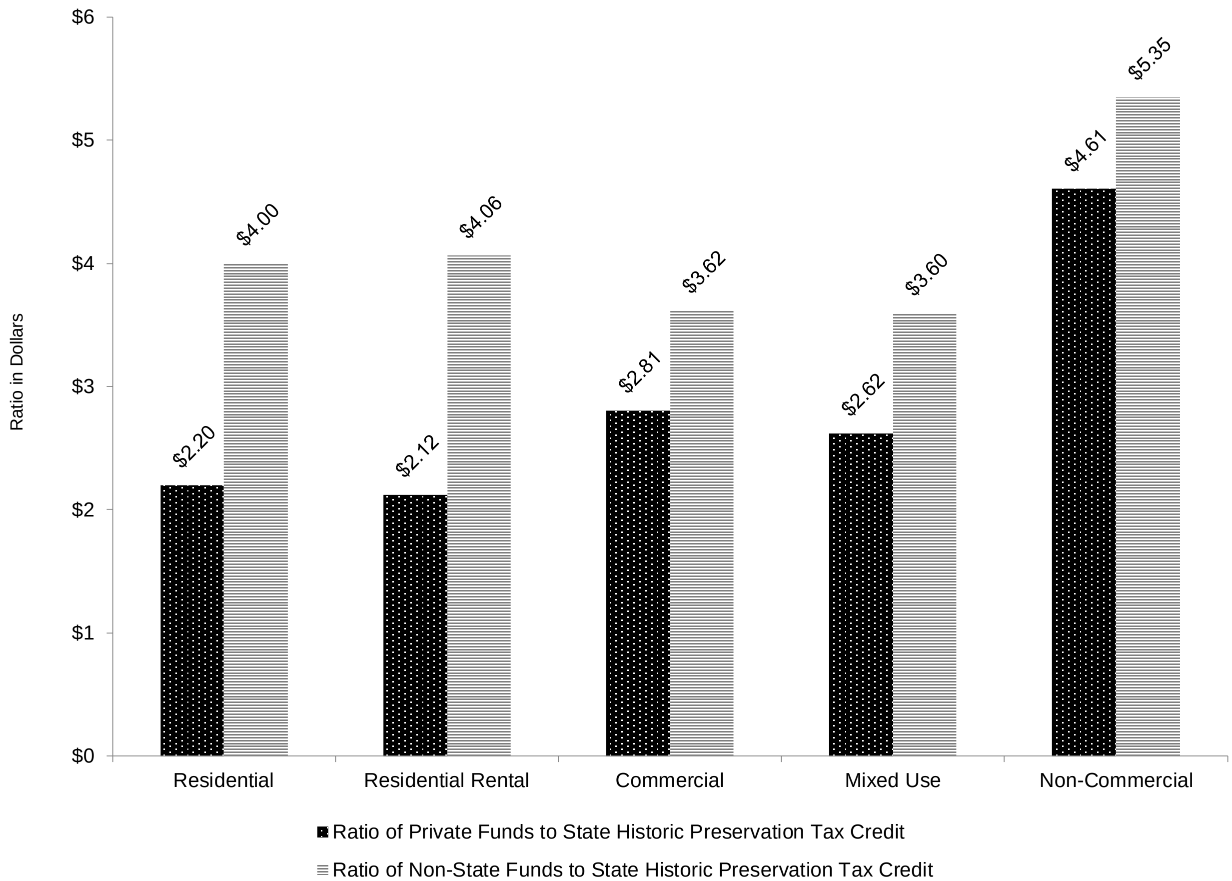
Source: Applications for the State Historic Preservation Tax Credit Awards

Figure 3. Number of Historic Preservation Tax Credit Projects and Average Self-Reported Project Funding by Project Type, FY 2015 – FY 2022



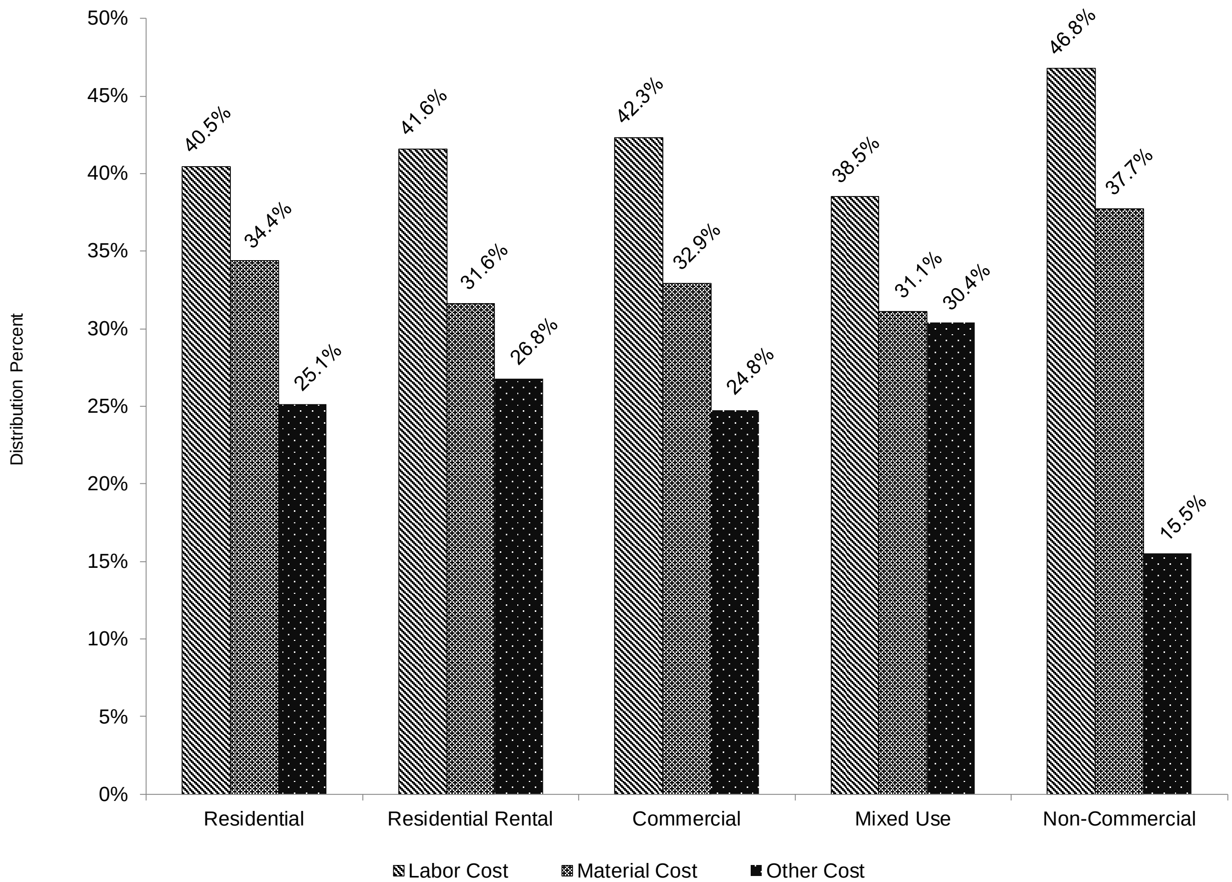
Source: Applications for the State Historic Preservation Tax Credit Awards

Figure 4. Ratios of Self-Reported Private Funding and Non-State Funding to Tax Credit Awards by Project Type for Projects Receiving Historic Preservation Tax Credit Final Awards, FY 2015 – FY 2022



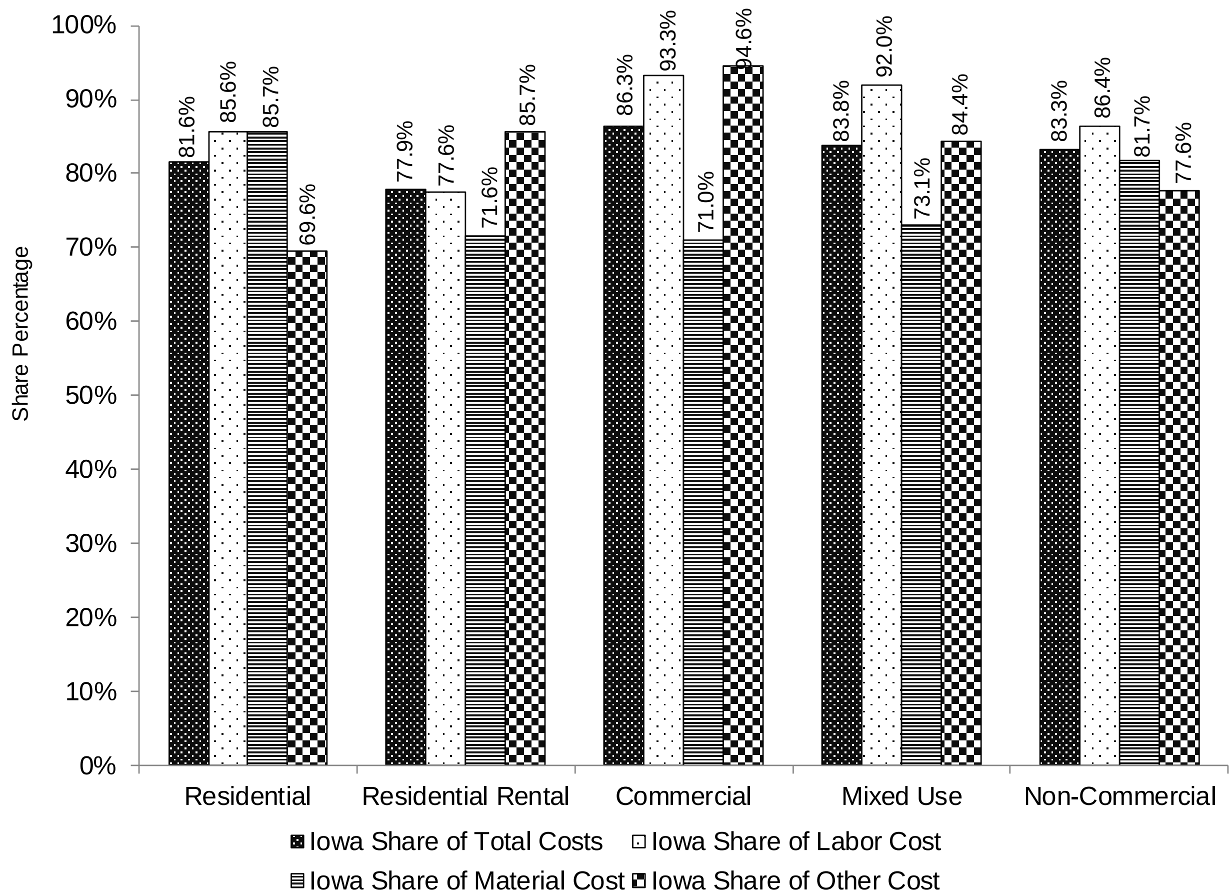
Source: Applications for the State Historic Preservation Tax Credit Awards

Figure 5. Distribution of Self-Reported Total Project Expenditures by Project Type for Projects Receiving Historic Preservation Tax Credit Final Awards, FY 2015 – FY 2022



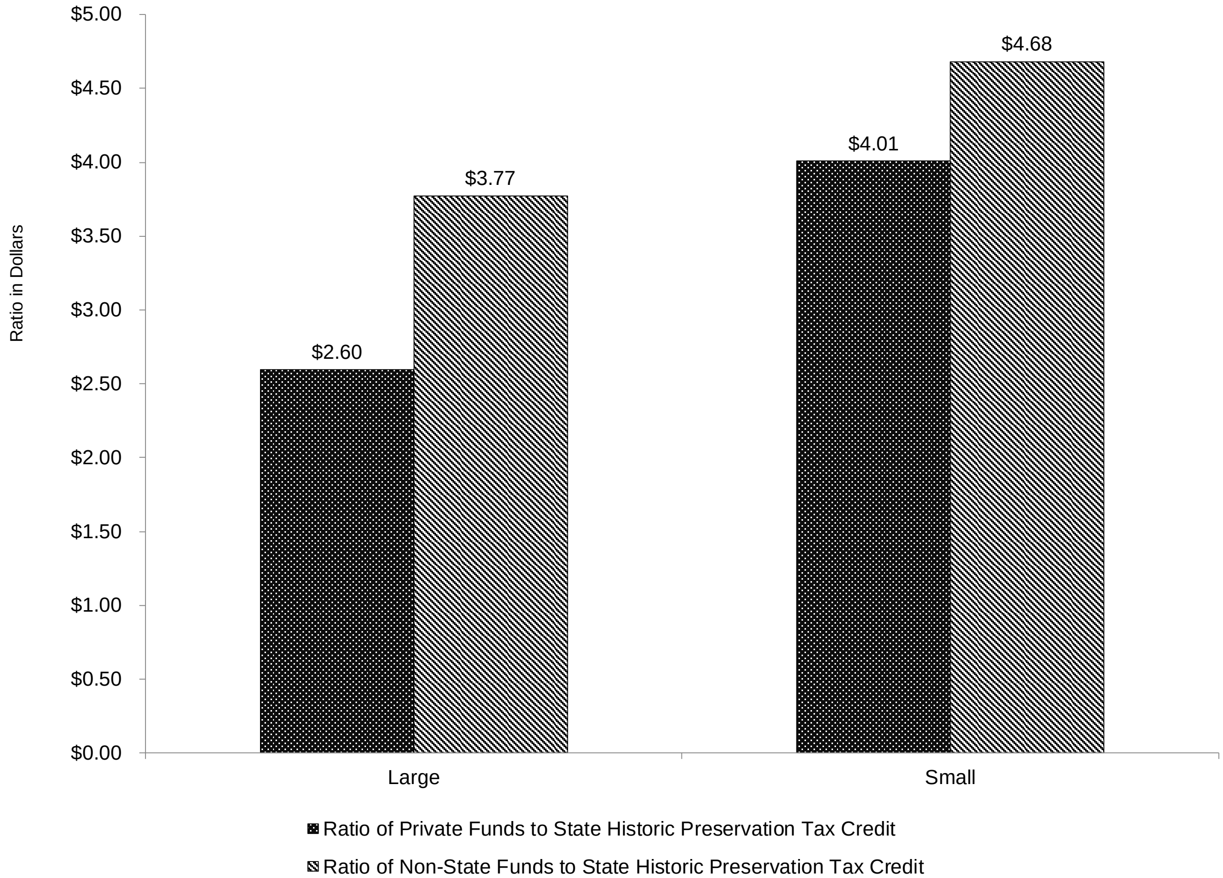
Source: Applications for the State Historic Preservation Tax Credit Awards

Figure 6. Iowa Shares of Self-Reported Historic Preservation Project Costs by Project Type, FY 2015 – FY 2022



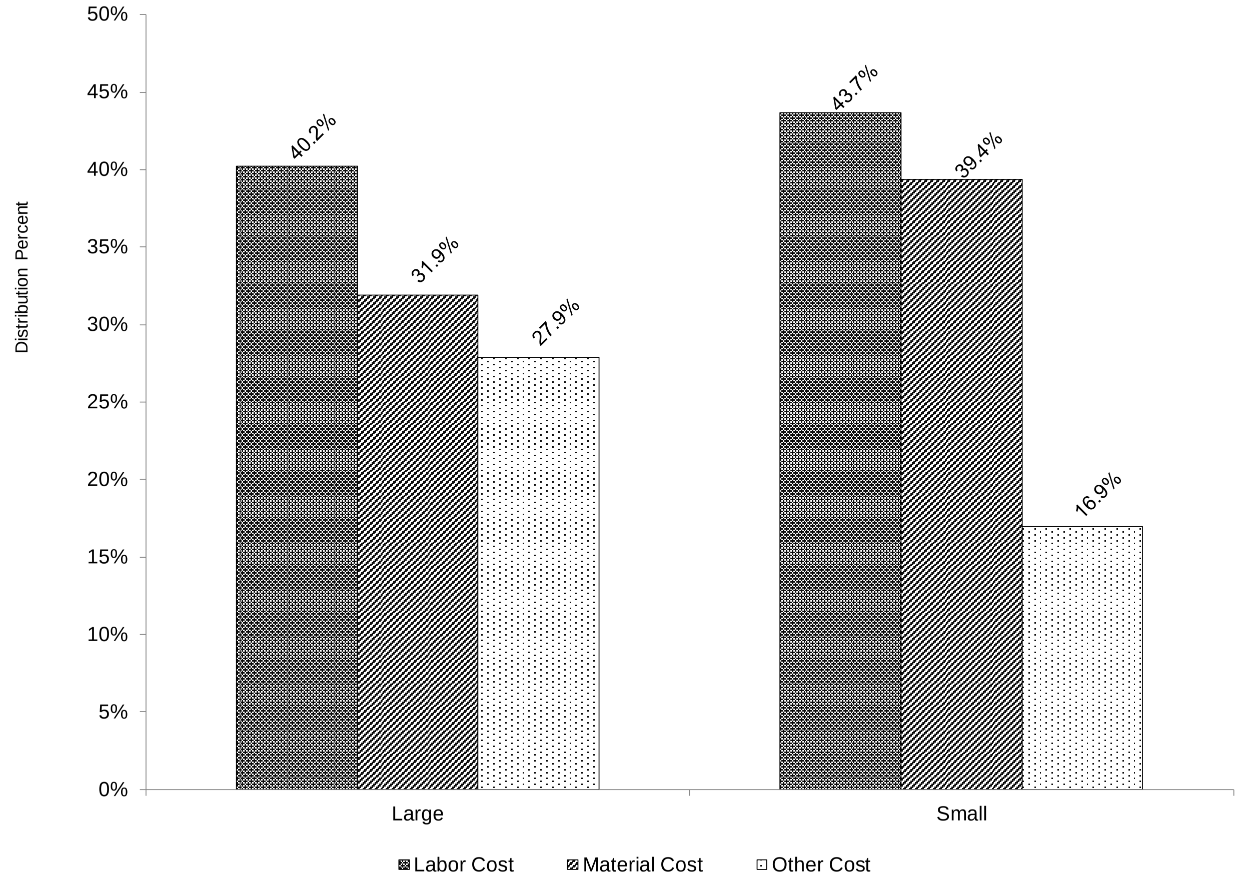
Source: Applications for the State Historic Preservation Tax Credit Awards

Figure 7. Self-Reported Historic Preservation Project Private Funding Ratio and Non-State Funding Ratio by Project Size, FY 2015 – FY 2022



Source: Applications for the State Historic Preservation Tax Credit Awards

Figure 8. Distribution of Self-Reported Total Historic Preservation Project Costs by Project Size, FY 2015 – FY 2022



Source: Applications for the State Historic Preservation Tax Credit Awards

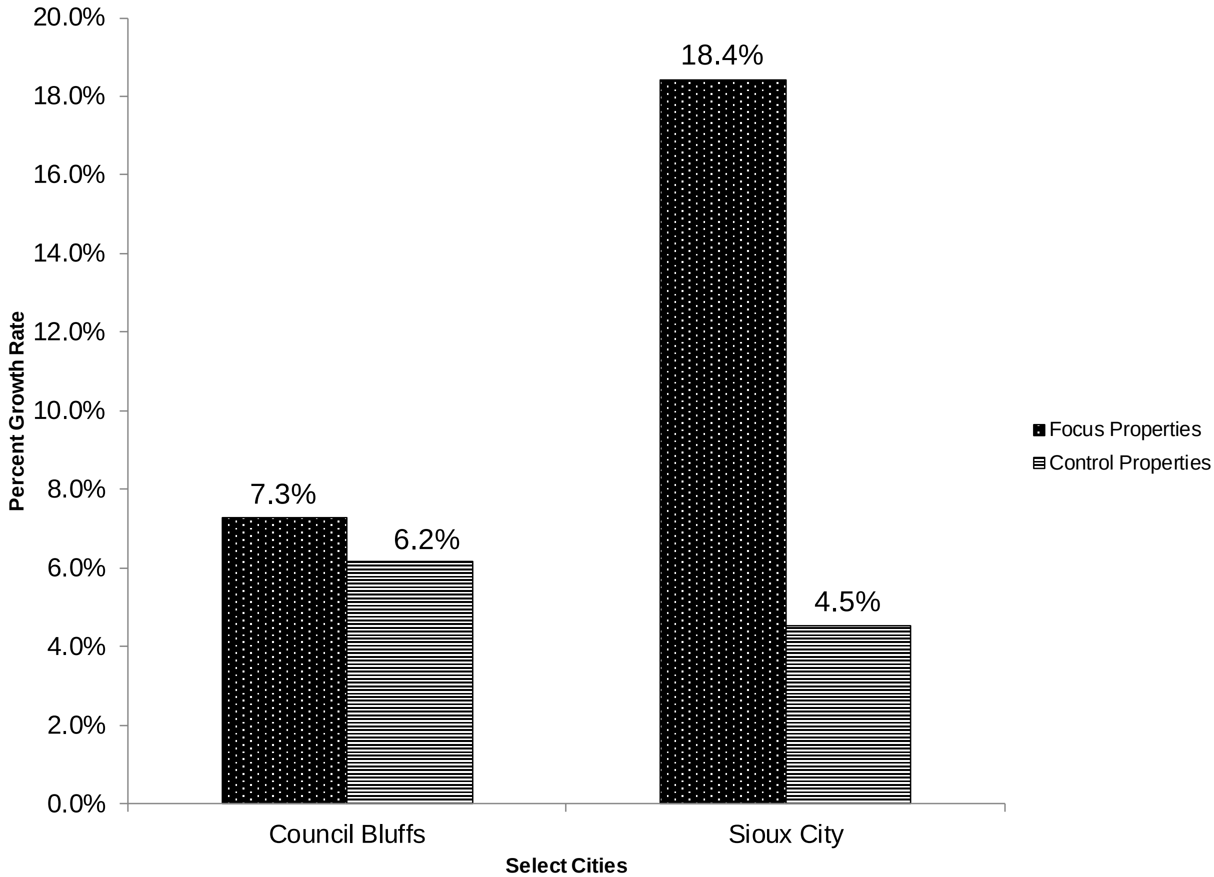
Table 7. Summary Statistics of Focus Group and Control Group in Council Bluffs and Sioux City Assessment Years 2016 and 2020

	Council Bluffs Commercial	
	Number of Properties	Average Assessed Value
Focus Group		
2016	10	$511,700
2020	10	$548,900
Control Group		
2016	10	$459,300
2020	10	$487,600

	Sioux City Commercial	
	Number of Properties	Average Assessed Value
Focus Group		
2016	10	$1,351,000
2020	10	$1,600,000
Control Group		
2016	10	$275,500
2020	10	$288,000

Source: Iowa Department of Revenue, Research and Policy Division, Pottawattamie County Assessor Office and Woodbury County Assessor Office

Figure 9. Growth Rates of Average Assessed Value of Focus Properties and Control Properties in Council Bluffs and Sioux City Assessment Years 2016 and 2020



Source: Iowa Department of Revenue, Research and Policy Division, Pottawattamie County Assessor Office and Woodbury County Assessor Office

Table 8. Original Historic Preservation Tax Credit Awards Transferred by Location TY 2001 – TY 2020

Location of Transferrer	Original Credits	Amount Transferred	Share of Credits by Location	Share of Transfer Amount by Location
Iowa	111	$184,204,377	65.7%	50.9%
Outside of Iowa	58	$177,567,444	34.3%	49.1%
Total	169	$361,771,821	100%	100%

Source: Iowa Department of Revenue CACTAS Transfer Database

Table 9. Transferred Historic Preservation Tax Credit Transfers by Transferrer and Transferee Location

Location of Transferrer	Transferred Credits	Amount Transferred	Share of Credits by Location	Share of Transfer Amount by Location
Iowa	272	$178,541,744	61.5%	49.4%
Outside of Iowa	170	$182,731,142	38.5%	50.6%
Total	442	$361,272,886	100%	100%

Location of Transferee	Transferred Credits	Amount Transferred	Share of Credits by Location	Share of Transfer Amount by Location
Iowa	181	$101,466,579	41.0%	28.1%
Outside of Iowa	266	$260,305,242	60.2%	72.1%
Total	447	$361,771,821	101%	100%

Source: Iowa Department of Revenue CACTAS Transfer and Claim Databases

Note: Location of transferee data is more than location of transferrer data due to incomplete variable data in location of transferrer.

Table 10. Transferred Historic Preservation Tax Credit Transfers by Transferrer and Transferee into and out of Iowa

Location of Transferee	Transferred Credits In Iowa	Amount Transferred In Iowa	Share of Credits Transferred In	Share of Transfer Amount In Iowa	Transferred Credits Out of Iowa	Amount Transferred Out of Iowa	Share of Credits Transferred Out	Share of Transfer Amount Out of Iowa
Iowa	164	$83,064,930	60.3%	46.5%	108	$95,476,184	39.7%	53.5%
Outside of Iowa	12	$21,201,034	7.1%	11.6%	158	$161,530,108	92.9%	88.4%

Source: Iowa Department of Revenue CACTAS Transfer and Claim Databases