

Novogradac & Company

The National Historic Tax Credit Conference

April 7 -8, 2011

Cleveland, Ohio

Kasper Mortgage Capital, LLC

Kasper Tax Credit Finance

Selected State Historic Tax Credit Programs



STATE: Massachusetts

SHPO: Massachusetts Historical Commission (under Secretary of the Commonwealth)

CREDITS AVAILABLE:

Up to 20% per project subject to \$50 million annual state-wide cap.

CREDIT FEATURES:

Can be certificated or allocated via a pass-through entity. Can be taken in the PIS year but subject to a five-year recapture period.

OVERALL PROGRAM:

Because of state-wide cap, state HTC's are awarded in a series of competitive rounds beginning as early as two years prior to the project completion, thus sponsors have difficulty relying on a full "equity raise" for their project (up to the 20% maximum state credit amount).

STATE: Oklahoma

SHPO: Oklahoma Historical Society

CREDITS AVAILABLE:

100% of the federal credit allowed (20%).

CREDIT FEATURES:

Certificated transfer per Oklahoma Tax Commission Form 572
(used for transfer of all state tax credits).

OVERALL PROGRAM:

User-friendly SHPO.



STATE: Connecticut

SHPO: Connecticut Commission on Culture and Tourism

CREDITS AVAILABLE:

25% credit subject to \$5 million per building cap and \$50 million annual state-wide cap.

CREDIT FEATURES:

Certificated credit available in PIS year with complete assignability in whole or part.

OVERALL PROGRAM:

Credit project must have at least 33% of square footage after rehabilitation committed to residential use. The credit percentage is 30% of QRE if there is a specified project affordable housing component.

STATE: North Carolina

SHPO: North Carolina Department of Cultural Resources

CREDITS AVAILABLE:

20% HTC and 30% or 40% Mill Rehab credit (Mill credit percentage depends on property location). Mill credit requires separate eligibility review by SHPO. Credits are mutually exclusive – can only qualify for one type per project.

CREDIT FEATURES:

20% HTC credit must be taken ratably over five years. Mill credit is available year project is PIS, but has “modified” recapture feature. Both can be specially allocated via pass-through structure.

OVERALL PROGRAM:

Knowledgeable SHPO staff, “user friendly” with developer and investor community.

STATE: South Carolina

SHPO: South Carolina Department of Archives & History

CREDITS AVAILABLE:

10% HTC and 25% Textile Credit. Project can qualify for both credits if applicable conditions are met (Textile Credit requires property or site prior use as a textile mill).

CREDIT FEATURES:

Both credits are “earned” in project’s PIS year but must be taken ratably over five years. Neither credit has a recapture feature.

OVERALL PROGRAM:

Textile credit applicable to ALL project costs – new construction, site work, demolition – thus it does not require historic certification. However, most uses of the Textile Credit have been historic structures.

STATE: Iowa

SHPO: State Historical Society of Iowa (Division of Iowa Department of Cultural Affairs)

CREDITS AVAILABLE:

25% but only for QRE incurred with 24 months through the project's PIS date.

CREDIT FEATURES:

The Iowa credit can be transferred on a certificated basis but the proceeds must be allocated pro rata by ownership of the selling entity.

OVERALL PROGRAM:

The state credit is refundable by presentation to the Iowa Department of Revenue; however, often there is a "forward commitment" of the issued certificate such that they cannot be presented prior to such future year.

STATE: New York

SHPO: New York State Office of Parks, Recreation and
Historic Preservation

CREDITS AVAILABLE:

20% HTC which is capped at \$5 million per project as of July 2009 legislation (prior to that project/building cap was only \$100,000).

CREDIT FEATURES:

State credit is NOT bifurcatable but must be taken via a pass-through structure by the same investor “allowed” the federal credit. The current investor base is limited by this condition.

OVERALL PROGRAM:

Recent New York state legislation (passed in August 2010) limits any taxpayer to no more than \$2 million of any state credit use per year with complicated “carryover” and “deferral” rules for future use of any state tax credits.

STATE: Virginia

SHPO: Virginia Department of Historic Resources (“DHR”)

CREDITS AVAILABLE:

25% Historic Rehabilitation State Credit (also available for owner-occupied residences)

CREDIT FEATURES:

Can be specially allocated via a pass-through entity; no certification allowed. No recapture provision.

OVERALL PROGRAM:

The “Gold Standard” among state tax credit programs; established in 1997. DHR sponsored study in 2008 (*Prosperity Though Preservation*) showed positive economic impact of first 10 years of the program in Virginia.