



*Colorado Legislative Council Staff Fiscal Note*

**NO FISCAL IMPACT**

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**Drafting Number:** LLS 08-0434**Date:** January 21, 2008**Prime Sponsor(s):** Rep. Levy  
Sen. Sandoval**Bill Status:** House Finance**Fiscal Analyst:** Harry Zeid (303-866-4753)

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**TITLE:** CONCERNING THE TAX CREDIT FOR COSTS INCURRED IN PRESERVATION OF HISTORIC PROPERTIES.**Summary of Legislation**

Under current law, the state income tax credit for qualified costs incurred in preservation of historic properties is available through December 31, 2009. This bill extends the tax credit to income tax years commencing before January 1, 2020. The bill also allows a certified local government to adopt a one-time resolution to act as a reviewing entity for the purpose of performing various administrative, rehabilitation project review, and verification functions to determine whether a taxpayer is qualified to claim the tax credit.

The bill will become effective August 6, 2008, assuming the General Assembly adjourns sine die on May 7, 2008, and a referendum petition is not filed.

**Background**

The purpose of the income tax credit for the preservation of historic property is to promote historic preservation and rehabilitation of properties that qualify as historic property. In order to qualify, a property must be at least 50 years old and must meet at least one of the following additional criteria:

- be designated on the National Register of Historic Places;
- be designated on the State Register of Historic Properties;
- be designated as a landmark by a certified local government; or
- be designated as a contributing property in a designated historic district listed on the National Register of Historic Places, State Register of Historic Properties, or by a certified local government.

The income tax credit is equal to 20 percent of qualified rehabilitation cost, up to a maximum of \$50,000 per qualified property. The tax credit may be carried forward for a maximum of ten years.

**Assessment**

The extension of an existing income tax credit is assessed as having no fiscal impact since the credit already exists in current law.

Data compiled by the Colorado Historical Society suggests that in an average year, approximately 62 projects qualify for the tax credit with an average credit of \$17,000 per project. On this basis, the tax credit equals approximately \$1 million per year in reduced General Fund revenue. Since the tax credit is already in place through the end of the 2009 income tax year, no fiscal impact is identified for fiscal note purposes.

The amount of historic preservation property tax credits claimed by taxpayers in the state is not tracked separately by the Department of Revenue. No full-year data regarding this income tax credit was available prior to the 2006 income tax year filing. The department is currently in the process of developing a reporting mechanism for credits entered on the income tax for income tax year 2006. As this data becomes available, the department will share the data with Legislative Council staff for fiscal note purposes.

**Departments Contacted**

Revenue      Higher Education      Local Affairs