

ELIGIBLE AND INELIGIBLE EXPENSES

Expenses That Are Eligible:

Eligible rehabilitation expenses are expenses incurred by a taxpayer in the material rehabilitation of a certified historic structure and added to the property's capital account. All eligible expenses must be attributable to the basis of the property.

Structural components: Eligible expenses need to be permanently affixed parts of the building: walls, partitions, floors, ceilings, permanent coverings such as paneling or tiling, windows, doors, some appliances that cannot be easily removed, components of central air conditioning or heating systems, geo-thermal heating systems, plumbing & plumbing fixtures, electrical wiring & lighting fixtures, chimneys, stairs, escalators, elevators, sprinkler systems, fire escapes, asbestos removal, custom cabinetry built on site and designed specifically for the project, permanent office partitions built of sheet rock or gypsum board, gutters and downspouts on the building, French drains, drains leading away from the building if they are part of the gutter-downspout system, interior and exterior storm windows, septic systems, fire and smoke alarm systems.

Soft Costs: construction period interest and taxes, architect fees, engineering fees, insurance fees related to construction, construction management costs, reasonable developer fees, tax credit consultant fees, DHR tax credit review fees, CPA fees for providing cost certifications. Hauling and landfill fees for demolition debris are eligible, as well as the cost of renting portable toilets for the construction site.

Landscaping: Under the State rehabilitation tax credit program some historic man-made landscape elements may qualify if it can be demonstrated that they are significant character defining features and they are listed as contributing resources within the nomination.

Expenses That Are Not Eligible:

Hard Costs: appliances that can be taken away (stoves, refrigerators, microwaves), carpeting (if tacked in place and not glued), decks (not part of original building), enlargements or new additions, furniture, window treatments, modular mass-produced cabinetry built off site, signage, specialty wiring not used for the usual electrical purposes (theater sound systems, hospital/medical equipment), modular mass-produced office partitions and electric generators – even if they are bolted to the floor. Moving shrubbery to repair a foundation is not eligible.

Soft Costs: acquisition costs, feasibility studies, financing fees, leasing costs, syndication costs, LEED certification fees, rental fees for storing furniture during the rehab.

Landscaping: Under the Federal rehabilitation tax credit program, landscaping costs are not an eligible expense. This includes plants, fencing, paving, planters, benches, retaining walls, and sidewalks.

Moving a building, even to save it from demolition, is not an eligible expense.