

STATE OF NEW MEXICO
DEPARTMENT OF CULTURAL AFFAIRS
HISTORIC PRESERVATION DIVISION

407 GALISTEO STREET, SUITE 236
SANTA FE, NEW MEXICO 87501
PHONE (505) 827-6320
nmhistoricpreservation.org



NEW MEXICO STATE INCOME TAX CREDIT FOR THE PRESERVATION OF CULTURAL PROPERTIES

The State Income Tax Credit for the Preservation of Cultural Properties program (SITC) was established in 1984 to encourage the restoration, rehabilitation and preservation of cultural properties across New Mexico.

Since its inception, more than 1000 homes, businesses, hotels, restaurants, and theaters in New Mexico have been rehabilitated using state and federal* historic tax credits.

The SITC yields a 50% credit against NM state income tax owed after project completion. Properties may be residential or commercial, and must be listed in the State Register of Cultural Properties either individually or as properties contributing to the significance of a listed historic district. The program is administered by the NM Historic Preservation Division (HPD) and the NM Taxation and Revenue Department.

The maximum tax credit is 50% of eligible costs of an approved rehabilitation — up to a credit cap of \$25,000. If a listed property is also located within the boundaries of a state-certified Arts and Cultural District, the maximum 50% tax credit is \$50,000.

What kind of work qualifies for the credit?

The State's Cultural Properties Review Committee (CPRC) approves the work plan before any construction begins. All work must conform to the program's preservation standards. Early consultation with HPD staff is encouraged. Typical work that may be eligible for the credit includes:

- Roof replacement and repair of parapets, eaves, fascia, and *canales*
- Stabilizing foundation and structural elements
- Repairing windows and other character-defining historic features
- Restoring historic interior and exterior trim and finishes
- Replacement of broken or out-of-code mechanical, electrical and plumbing systems

Costs for items such as interior furnishings, new construction or additions, minor repairs, routine maintenance, landscaping and demolition are not generally eligible for the tax credit.

How much money can I actually save?

It will depend on the amount of credit vs. how much state income tax you would owe for the 5-year period beginning with the tax year of project completion. Remember, a tax credit is worth much more than a deduction, it can wipe out tax owed dollar-for-dollar. Consultation with a tax advisor is recommended.

*Information about the Federal Historic Tax Credit (for income-producing, business properties) may be found on the reverse.

To be eligible for the state credit:

- A property must be individually listed in the State Register of Cultural Properties (SRCP) or be a contributing property in a listed historic district. Contact HPD to find out, or to list a property.
- The State Cultural Properties Review Committee (CPRC) must approve the proposed rehabilitation prior to starting the project.
- An application for the tax credit must be received by NMHPD a minimum of 14 days before the next CPRC meeting, but early submission is highly advised.
- An application may be submitted by a New Mexico state income tax payer who owns the listed property. They may be an individual, a partnership or corporation.

How do I apply?

Visit the tax credit page at nmhistoricpreservation.org for detailed information and applications or contact HPD staff member Matt Saionz at 505-827-4040 or matt.saionz@dca.nm.gov



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To be eligible for the federal credit:

- A property must be individually listed in the National Register of Historic Places (NRHP) or be a contributing property in a listed historic district. Contact HPD to find out or to list a property.
- At project completion, the building must be an income-producing, business property (expenses for any portion used for a personal residence do not qualify). It may be a conversion or reuse of a non-commercial property, like a school, to a business.
- Rehab expenses must meet an IRS test for a "Substantial Rehabilitation." Please refer to the NPS website and its IRS link.
- Applications are first reviewed by the Historic Preservation Division and final reviews are conducted by the National Park Service.

For general information, please contact NM HPD or go to our website at:

nmhistoricpreservation.org

[Detailed program info and application forms may be found ONLINE.](#)

THE FEDERAL HISTORIC TAX CREDIT

The National Park Service (NPS) administers the Federal Historic Tax Credit program in coordination with the New Mexico Historic Preservation Division (HPD).

The program generally yields a 20% credit against Federal income tax upon completion of pre-approved substantial rehabilitations of historic buildings as income-producing, business properties. There is no upper limit to the credit and it may be used over a 5-year period.

Properties must be listed in the National Register of Historic Places (NRHP), either individually or as a property contributing to the significance of a listed NRHP historic district, or they may be in the process of being listed.

While generally thought to work best for large, multi-million dollar projects that can involve complex ownership structures, an NPS study recently completed for Federal Fiscal Year 2017 shows half of all projects nationally were under \$1 million and 20% were under \$250,000. A great many abandoned or under-utilized historic buildings have been rehabbed under the program since 1976, most often in economically distressed areas. NM projects include Taos's (former) Apple Tree Inn, Clayton's Eklund Hotel, Raton's Marchiondo/NY Stores, the Cimarron Mercantile, Las Vegas' Hotel Castañeda and Plaza Hotel, the Hotel Clovis, Albuquerque's El Vado Auto Court and Old Albuquerque High School,

A brief description of the program may be found on our website but the NPS maintains a large site with comprehensive information about the program and review process, how to rehab according to their preservation standards, and with the relevant application forms:

<https://www.nps.gov/tps/tax-incentives.htm>

Early consultation with HPD is highly recommended. The process begins with the submission of applications to NM HPD, as hard copy in duplicate. After our review is complete, they are forwarded to the NPS in Washington DC for the final decisions.

What kind of work qualifies for the credit?

All work must conform to the Secretary of the Interior's Standards for Rehabilitation as interpreted by the NPS. Generally expenses for rehab work within the "footprint" of the building are eligible as per IRS guidance. There is an IRS link on the NPS website, for more information.

How much capital will the program leverage for my project?

Consultation with your tax advisor is strongly advised. The program generally allows up to 20% of the eligible costs of rehabilitation to be credited against Federal income tax owed, beginning in the tax year of project completion, over a 5-year period.

For more information, please contact NM HPD or go to our website at:
nmhistoricpreservation.org