

Economic Incentives Toolkit



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Main Street



Since 1984, Louisiana Main Street has helped communities transform their historic downtowns through revitalizing historic buildings and structures. Louisiana Main Street is part of the Lt. Governor's Office of Cultural Development and the Division of Historic Preservation. Louisiana Main Street provides technical and financial assistance in the areas of economic development, exterior, and interior structural revitalization, streetscape design, as well as promotion and organization development to numerous Main Street districts located all over the state.

The term Main Street has come to symbolize the economic engine of our smaller towns and cities. As the engine, Main Street is the driving force behind economic stability for small businesses, local tax revenue, infrastructure improvements and public services for the community. Community strength comes through the stability of the historic commercial districts throughout Louisiana. As it was at the turn of the century, the hub of commercial activity is returning to the downtown areas, because residents and tourist alike recognize the uniqueness and authenticity these districts provide.

The purpose of this toolkit is to give an overview of the various financial incentives that may be available to assist real estate developers and individuals to rehabilitate, restore, and revitalize historic buildings located within commercial historic districts and Main Street Districts.



What is a Tax Credit?

A tax credit lowers the amount of tax owed. As opposed to an income tax deduction, which lowers the amount of income subject to taxation.

What is a Grant?

A grant is a once a year (typically) opportunity to apply for financial assistance for a specific project. Grants are (typically) reimbursement only and have a 50/50 financial match requirement.



Federal Rehabilitation Tax Credits

Federal Rehabilitation Tax Credits are available to properties that are income producing (commercial, industrial, agricultural, or rental residential purposes) and listed in the National Register of Historic Places or are considered a contributing element within a National Register District.

Owner-occupied residential properties do not qualify for this tax credit.

The program is jointly administered through the National Park Service (NPS) and the Internal Revenue Service (IRS).

Rehabilitation projects must be substantial; meaning, the expenses must exceed the value of the structure, and the project must adhere to the Secretary of the Interior's Standard for Rehabilitation.

The ownership of the building must remain intact for 5 years in order to receive the full value of the tax credits.



Benefits:

- 20% Income tax credit based on Qualified Rehabilitation Expenses (QREs) over five (5) years.
- The tax credit is generally available the year the property is placed back into service



The Louisiana Division of Historic Preservation acts as the applicant's first point of contact regarding historic properties. Prior to conducting any work, please contact Historic Preservation staff at (225) 342-8160.

State Commercial Tax Credits

State Commercial Tax Credits are available to properties that are income producing (commercial, industrial, agricultural, or rental residential purposes) and located within a designated Downtown Development District or a certified Cultural District

The building must be at least 50 years old.

The program is jointly administered through the Louisiana Division of Historic Preservation and the Louisiana Department of Revenue.

The rehabilitation expenses must exceed \$10,000 in qualified expenses and the project must adhere to the Secretary of the Interior's Standard for Rehabilitation.

Benefits:

- 20% Income tax credit based on Qualified Rehabilitation Expenses (QREs)
- Once earned, the tax credits are fully transferable and may be carried forward for up to five (5) years.
- Some projects may be eligible to stack both the Federal Rehabilitation Tax Credits and the State Commercial Tax Credits.



The Louisiana Division of Historic Preservation acts as the applicant's first point of contact when pursuing historic tax credits. Prior to conducting any work, please contact Historic Preservation staff at (225) 342-8160.

New Markets Tax Credits*

The New Markets Tax Credits (NMTC) Program was created in 1994. It is focused on expanding economic opportunities in low-income communities by attracting private investment.

The NMTC Program attracts private investment into low-income communities by allowing investors (both individuals and corporations) to receive tax credits against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs).

The credit is 39% of the original investment amount and is claimed over a seven (7) year period.

CDE's are located throughout the state and are typically a bank or other financial institution.

The NMTC Program is jointly administered by the Community Development Financial Institutions (CDFI) Fund and the Internal Revenue Service (IRS)

Only qualified projects are eligible to receive these tax credits.



*Consult a tax attorney for more information

Louisiana Main Street Restoration Incentive Grants

Funded by the State, the program operates under the umbrella of the National Main Street Center, a subsidiary of the National Trust for Historic Preservation.

Louisiana Main Street offers Redevelopment Incentive Grants as part of the revitalization efforts to offset overall project costs. These are dollar-for-dollar matching grants.

These grants are to stimulate local economies by utilizing local tradespeople, design professionals and suppliers to reconstruct storefronts, restore interiors and rehab empty buildings for new commercial ventures thereby generating new tax revenues throughout the state.

Restoration grants are highly sought after and competitive as state funds are becoming more and more scarce.



Benefits:

- Redevelopment Incentive Grants can be used on projects that create the spark needed to ignite large redevelopment initiatives and projects to bring about larger holistic improvements to a historic district.
- Revitalizing historic commercial districts is sustainable economic development that directly enhances quality of life and helps to create a sense of place and purpose.



Prior to conducting any work, please contact **Ray Scriber** rscriber@crt.la.gov (225) 342-8162. Mr. Scriber can answer any questions and ensure that the building is in fact a qualifying structure eligible to apply for grant funds

Historic Preservation Fund Grant

Each year the State Historic Preservation Office distributes an allocation of federal funds for projects through a competitive grant process.

The funds come to the Division of Historic Preservation from the National Park Service.

10% of the annual allocation goes towards Certified Local Governments (CLGs).



Eligible Activities:

- Survey and Inventory
- Cultural Resources Documentation
- Preservation Planning
- Educational and Public Outreach Activities
- National Register Nominations

For more information visit www.crt.state.la.us



Federal Opportunity Zones

Federal Opportunity Zones are census tracts within Louisiana that have been designated by the US Treasury's CDFI Fund as Low Income Community tracts. Currently there are 150 qualifying tracts in Louisiana. As of February 2021, there are 35 Main Street Communities, 16 are either partially or completely located in Opportunity Zones.

Opportunity Zones are an economic development tool designed to incentivize financial investment and job creation in distressed communities.

The law, which was created by Congress in the Tax Cuts and Job Act of 2017, provides a federal tax incentive for investors to re-invest their capital gains into Opportunity Zones.

Historic rehabilitation projects located within Opportunity Zones may be eligible for additional economic incentives.

Benefits:

- The policy enables funds to be responsive to the needs of different communities, allowing for investment in operating businesses, business expansion, equipment, real estate property and infrastructure

