



Historic Preservation Tax Credit Frequently Asked Questions

How much is the tax credit worth?

The credit is a percentage of the qualified expenses spent on rehabilitation or construction work. For rehabilitation of a historic residential or income-producing property, the credit is 25% of qualified expenses. For a qualified new construction in a Landmark Historic District, the credit is 5%. If the total amount of the tax credit exceeds the tax bill for that year, the balance of the credit may be carried into subsequent years, up to five years total. The total tax credit is capped at \$50,000.

Can the historic preservation tax credit be combined with other property tax credits?

The tax credit *cannot* be combined with any of the optional property tax credits enabled by Title 9 of the State Code (available [here](#)). In Anne Arundel County, these include certain tax credits for agricultural, conservation, or energy initiatives, airport noise zone, surviving spouses of veterans, and several other tax credits. If other local tax credits are being applied to your property, please contact the County Office of Finance (410-222-1144) early in the planning stage to determine if the historic preservation tax credit may be claimed.

In many cases, Federal and State Historic Preservation Tax Credits may be combined with local preservation tax credits. The [Maryland Historical Trust](#) administers these tax credit programs and can provide more information.

What expenses qualify for the historic preservation tax credit?

The cost of many types of interior or exterior preservation, restoration and rehabilitation work on qualified structures may qualify for the historic preservation tax credit, as long as the work does not compromise the Landmark status of the historic resource. Cultural Resources staff must review the *full scope* of proposed work, and will certify those work items that meet the Secretary of the Interior's Standards for Rehabilitation as qualifying for the tax credit. Please see the [Qualifying Expenses list](#) for more detailed information.

Contact staff of the Cultural Resources Division early in project planning to discuss the scope of work; staff is available to help applicants consider treatment alternatives to ensure that work meets the Standards for Rehabilitation and receives the maximum potential tax credit.

Historic Preservation Tax Credit Example 1:
Harry Homeowner repaired the original slate roof of his 1920s Foursquare home, which is a contributing building to the Linthicum Heights Historic District. The qualified expenses work cost \$15,000. 25% of that amount (\$3,750) can be credited against Harry Homeowner's annual property tax bill of \$3,000. Since repair of original historic features is a qualified expense, Harry Homeowner can claim \$3,000 in tax credit in Year 1, and \$750 in a tax credit in Year 2.



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What is the process for applying for and getting this Tax Credit?

There are four steps to the tax credit certification and application process.

Part 1 is the Certificate of Eligibility, confirming the property meets the historic criteria to be considered a “Landmark” and thus is eligible for the tax credit. A complete Part 1 form will be evaluated within 30 days of submittal.

Part 2 is the Certification of Proposed Work. The rehabilitation work proposed for the property must be presented in detail and approved by the Cultural Resources Division to ensure the work will be carried out in a manner that maintains the historic character of the property and setting. At the pre-submittal meeting or consultation with Cultural Resources staff, the property owner can discuss ideas for the proposed project, methods and materials, and Cultural Resources staff will guide the property owner to ensure the project meets the owner’s needs while maintaining the property’s special historic characteristics and tax credit eligibility. The scope and method of work must be approved by Cultural Resources staff *prior* to starting work to ensure the work will be eligible for the tax credit.

Part 3 is the Certification of Completed Work. Cultural Resources staff will review the work completed to ensure it was carried out in the manner described in the Part 2 form. Once the work is certified, the property owner will execute a historic preservation easement to protect the County’s investment.

The last step is the *Tax Credit Application* is submittal of the full application to the County Office of Finance. The application must be filed by April 1 immediately before the taxable year for the tax credit to be applied to that year’s tax bill. CRD staff will work with the applicant to ensure the package is complete, and ready for submittal.

The forms and application are available at the Cultural Resources Division [website](#).

How do I document my expenses? What proof of payment do I need to submit?

Itemize the materials or services paid for in your Part 3: Certificate of Completed Work and submit corresponding proof of payment for each, keyed to each item listed on the Part 3 form. Proofs of payment include:

- An invoice from the company that lists materials purchased, labor or service performed, and payment received;
- Canceled check, with corresponding invoice;
- Credit card statements, with corresponding invoice.

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What if unforeseen conditions arise during the course of rehabilitation work and changes have to be made to the proposed work plan?

Unforeseen conditions are common in significant rehabilitation work. Cultural Resources staff will advise the property owner to amend the proposed work program, submitting a Part 2 Addendum. Staff will review the work change to verify that the project still qualifies for the tax credit. The Part 2 Addendum is available [here](#).

What is the deadline to apply for the tax credit for the credit to be reflected in my tax bill?

The Tax Credit Application (Part 4) must be filed on or before April 1 immediately before the taxable year for which the tax credit is sought. Parts 1 through 3, to certify the property and the work need to be completed prior to the Part 4 submittal

What is an Anne Arundel County Historic Landmark?

The Anne Arundel County Code defines a County Historic Landmark in §4-2-311, and the definition is reflected in the information requested for the Part 1 Certificate of Eligibility. A County Historic Landmark must meet each of the criteria related to age, historic significance, and integrity, as well as one of the criteria related to historic association with events or persons, design/construction, or prior listing on the National Register.

My property is over 65 years old, but there are already modern additions and updates. Does it still qualify for the tax credit?

Modern additions do not necessarily disqualify the structure for tax credits, as long as the other criteria are met. However, the tax credit will not apply to work on non-historic additions.

What does “integrity” mean for a historic structure?

Integrity is the ability of a property to convey its significance in seven aspects: location, design, setting, materials, workmanship, feeling and association. Cultural Resources staff uses guidance developed by the Secretary of the Interior to evaluate a structure’s level of integrity. For more information, see the National Park Service guidelines [here](#).

Historic Preservation Tax Credit Example 2:

Fanny Farmer owns a small farm in South County and sells produce, chickens and chinchillas. Her farm complex includes a 19th century farmhouse and several outbuildings, including a tobacco barn. The whole farm complex meets the criteria required to be eligible as a County Landmark. She spent \$10,000 on substantial repairs to the tobacco barn which she uses as part of the farm operation, and followed the Secretary of the Interior’s Standards for Rehabilitation. Since the tobacco barn is part of her income-producing farm business, 25% of the cost of this qualified work (\$2,500) can be credited against her annual property tax bill of \$4,500. Fanny’s tax bill in Year 1 would be reduced to \$2,000.

Historic Preservation Tax Credit Frequently Asked Questions



My property was listed in (or determined eligible for) the National Register many years ago. Does this still satisfy the criteria for tax credit eligibility?

The property may need to be re-evaluated by Cultural Resources staff for tax credit eligibility if significant changes have been made since the property was listed on the National Register or since the determination of eligibility for National Register listing. In some cases, a property may still achieve County Landmark status even if National Register eligibility has been compromised by previous work.

What is significance of design or construction?

“Significance” is based on the federal definition provided by the National Park Service. These properties are significant for their physical design or construction, including such elements as architecture, landscape architecture, engineering, and artwork. The first requirement, that properties "embody the distinctive characteristics of a type, period, or method of construction," refers to the way in which a property was conceived, designed, or fabricated by a people or culture in past periods of history. "The work of a master" refers to the technical or aesthetic achievements of an architect or craftsman. "High artistic values" concern the expression of aesthetic ideals or preferences and applies to aesthetic achievement. Resources "that represent a significant and distinguishable entity whose components may lack individual distinction" are districts. For more information, see the National Park Service Bulletin [here](#).

Where are the Landmark Historic Districts? Where can I find out if my property is within this district?

Landmark Historic Districts in Anne Arundel County are those that are already listed in the National Register. Currently, there are four Landmark Historic Districts in the County: Davidsonville, Linthicum Heights, Owensville, and Woodwardville. Three additional Historic Districts have been determined eligible for the National Register: West Benning, Glen Burnie, and Odenton. To see if a specific property is a contributing resource within one of these districts, consult the maps prepared by the County’s Cultural Resources Division, available on their [website](#).

What is a contributing resource? How do I find out if my property is contributing?

A contributing resource is a building, structure, or site that has historic, architectural, cultural, or archaeological significance. A building’s contributing status within a historic district is decided when the district’s “determination of eligibility” (DOE) for the National Register is prepared. To see if a property is a contributing resource within a Landmark Historic District, look at the maps prepared by the County’s Cultural Resources Division, available on their [website](#).



Historic Preservation Tax Credit Frequently Asked Questions

What types of new construction qualify for the tax credit? What does it mean for an infill structure to be architecturally “compatible” with surrounding properties of a historic district?

New construction in a County-designated Landmark Historic District may receive the tax credit if the construction is architecturally compatible with the surrounding district. “Compatible” means the infill is designed to respect the predominant scale, massing, setback, orientation and site coverage, rhythm, height, materials, and site and landscape features of the immediate streetscape and neighborhood. For more information, see the National Park Service’s Preservation Brief on [Exterior Additions](#).

What are the easement requirements for this tax credit?

To receive historic preservation tax credits, the property owner must convey an easement to the County to protect the historic character and values of the property. The easement is a permanent legal agreement that safeguards the “investment” of the County by protecting against future inappropriate alterations of the property or demolition of the historic building. Some properties may have historic preservation easements already in place that will satisfy this requirement. The County’s standard easement template is available on the Cultural Resources Division [website](#). Prior to approval of Part 3 of the application, the easement shall be recorded in the land records of Anne Arundel County by the applicant.

What guidelines are used to determine if the proposed rehabilitation work on a historic structure is appropriate?

Guidelines for historically appropriate rehabilitation are defined by widely-adopted Federal Standards: *The Secretary of the Interior’s Standards for the Treatment of Historic Properties*. Proposed work is assessed by Cultural Resources Division staff, who meets the professional qualifications to conduct such work as outlined in [Title 36 of the Code of Federal Regulations](#).

How do I research the history of my property? How do I know if this history is significant to the historic context of the County?

The Maryland Historical Trust or the County Division of Cultural Resources may have a file on the property with some historical information. The Cultural Resources Division Office and County Archaeology Lab also host the *Joan Cass Beck* special library collections, a non-circulating collection with resources on local historic preservation and archaeology.

Other resources may be available at local libraries, the Maryland State Archives in Annapolis, and local museums and historical societies. Please feel free to contact our office for further guidance on exploring the history of your house, property or community.

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I already completed rehabilitation work on my property that should meet criteria for this tax credit. Can I apply for the tax credit now?

The Certificate of Eligibility and Certification of Proposed Work must be approved before rehabilitation work begins. For work begun between July 1, 2014 and February 1, 2016 (the date of adoption of Historic Preservation Tax Credit legislation by the County Council), Part 1 and 2 forms will be accepted. All other criteria for tax credit eligibility, including certification that the project qualifies as historically appropriate rehabilitation work, must be met to receive the tax credit.

Where can I find the Historic Tax Credit legislation passed by the County Council?

Bill 118-15 is on the Anne Arundel County Council's [website](#).

Where do I send the completed application? Who do I contact for more information?

Sign and submit a hard copy of the application to the staff of the Cultural Resources Division at the address below. Digital copies may also be emailed to the address below.

Office of Planning and Zoning

Cultural Resources Division

2664 Riva Road, MS 6402

Annapolis, MD 21401

Phone: 410-222-7440

Email: pzcox000@aacounty.org