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Vermont Income Tax Credits for Building Rehabilitation Projects in Designated Downtowns

General Information for all Tax Credit Applicants

Overview

There are three state income tax credit programs for capital improvements to buildings in designated downtowns. The credits are applicable to the most common costs that a property owner faces when rehabilitating or improving an older or historic building. Please note that a tax credit is a dollar amount subtracted from your tax liability after you calculate your taxes.

A property owner or lessee must apply to the Downtown Development Board for these tax credits. A property owner who is considering an improvement project should read through the application requirements for each program, contained in this booklet, before beginning work in order to make sure he or she is eligible for the maximum benefit.

This booklet also contains summary information about the federal 20% Rehabilitation Investment Tax Credit that is used in conjunction with the 10% state credit for building rehabilitations in designated downtowns. Not included in this booklet are separate application guidelines for the two tax credit programs for designated villages, which are available from the Vermont Downtown Program.

The 10% Vermont Tax Credit for Substantial Rehabilitation of Certified Historic Buildings (also claiming the 20% Federal Rehabilitation Investment Tax Credit)

This credit is a 10% “add-on” credit for projects receiving the 20% federal Rehabilitation Investment Tax Credit (RITC) for historic buildings. Projects qualifying for this 10% state tax credit will thus receive a net 30% credit for all qualified rehabilitation expenses. To qualify for the RITC the building must be listed or become listed in the National Register of Historic Places, and must be income-producing. Project expenditures must exceed \$5,000 and the building’s adjusted basis. There is no cap on the amount of credit per building. Projects in districts that are in the process of being designated are eligible for this credit, though are a lesser priority in a competitive situation.

The 50% Tax Credit for Elevators, Platform Lifts and Sprinkler Systems

A 50% state income tax credit is available to property owners and lessees for installing or improving an elevator, platform lift or sprinkler system to meet building codes. The credits for an elevator or sprinkler system are each capped at \$25,000, and \$12,000 for a lift. Applicants who are eligible for the 50% federal Disabled Access Tax Credit www.usdoj.gov/crt/ada/taxpack/htm (many small businesses are) must subtract the first \$10,000 in expenditures when applying for the state tax credit for either an elevator or a lift. Only one award may be made to any one building, but may include credits for each eligible category. An applicant may request the credit allocation in the form of a Mortgage Credit Certificate that a bank may accept in return for adjusting the rate or term of the applicant’s loan on the building. The building must be located in a designated downtown.

The 25% Vermont Rehabilitation Tax Credit for Older or Historic Buildings

A state income tax credit of 25% is available for owners or lessees of buildings built prior to 1983 for projects that cannot qualify for the 20% Federal RITC and 10% State “add-on” credit. Up to a maximum of \$25,000, this credit is for 25% of the costs of code and certain safety compliance improvements, façade and storefront restoration, and the redevelopment of contaminated sites. A minimum expenditure of \$5,000 over a 2-year period is required. An applicant may request the tax credit allocation in the form of a mortgage credit certificate, which a bank may accept in return for adjusting the rate or term of the applicant’s loan on the building. The property owner or lessee completes an application form and submits it to the municipality, which must certify that the project meets local review standards before forward the application to the Downtown Board. Projects in districts that are in the process of being designated are eligible for this credit, though are a lesser priority in a competitive situation.

Amount of credits available

For fiscal year 2002 the Downtown Board is authorized to award a total of \$750,000 to projects in six programs: the three tax credits for designated downtowns; the sales tax reallocation for designated downtowns; the two tax credits for designated villages. After June 30, 2003, the annual cap increases to \$1,000,000. No municipality may be awarded more than 40% of the total annual awards.

Selection Criteria

The Downtown Board awards tax credits on a first-come, first served basis. On the occasions where there is competition among applicants for the award of tax credit allocations, the board will score projects using the *Competitive Criteria under the Downtown Development Act* (see below). Applicants may contact Vermont Downtown Program staff in advance of an upcoming round to see if competition is likely. If it is, the applicant will need to contact their local downtown organization to prepare the written response to the criteria.

Mortgage Credit Certificate

Applicants for the 25% and 50% credits may request the credit allocation in the form of a Mortgage Credit Certificate. The certificate is negotiable with banks in adjusting the rate or term of a mortgage or loan related to the qualified building. A bank that purchases a mortgage credit certificate may use it to reduce its franchise tax liability for the first tax year in which the qualified building is placed back in service after completion of the project, or in a subsequent year.

If at the time of application to the Downtown Board, the applicant knows what bank will be accepting the mortgage credit certificate, that information should be included. An applicant who has received a tax credit allocation from the board may subsequently request it from the board in the form of a mortgage credit certificate, stating the portion of the credit that has not been taken. The applicant must also, at this time, provide the board with a copy of all tax returns documenting tax credits already taken.

Combining credits

The 10% and 25% credits cannot be used on the same project. However, the 50% elevator, lift, and sprinkler credit may be used with either the 10% or 25% credit on the same project as long as the owner is following all the rules of each program, and is not claiming credits more than once on any eligible expenditure. If an applicant intends to use more than one credit program on the same project, he or she should apply for all credit allocations at the same time, following the directions for each program.

Credit recapture

Each of the state credits requires that the owner or lessee hold the building for a full five years after completing the rehabilitation, or pay back some or all of the credit. Further information on recapture penalties is included in the individual guidelines for the three programs.

Application Schedule

Sixteen (16) copies of an application to the Board are due at the address below no later than 4:30 p.m. on the first Monday of each month (or first Tuesday if the first Monday is a state holiday) in order to be considered for that month's meeting. The Board generally meets on the fourth Monday of each month. The Board will not consider incomplete applications. Staff will notify any applicant if an application is not complete. Applicants will be mailed a meeting agenda. While attendance is not required it is usually important to attend.

According to the above schedule, submit 16 copies of the application to:

Vermont Downtown Program
National Life Office Building, Drawer 20
Montpelier, VT 05620-0501
Phone: 800-622-4553 or 802-828-3211

For further information on state and federal tax credits for building rehabilitation:

Chris Cochran, Rehabilitation Investment Tax Credit Program
Division for Historic Preservation
(same address as above)

Ph: 802-828-3047 chris.cochran@state.vt.us
www.HistoricVermont.org

Competitive Criteria under The Downtown Development Act

Statement of Purpose: The awards given by the Vermont Downtown Development Board are intended to support local downtown revitalization efforts by preserving and enhancing historic downtown areas through compatible development, and supporting the variety of diverse uses that define their quality of life. The goals include the encouragement of private and public investment in small businesses, transportation systems, infrastructure, housing, historic resources, and human services.

Consistent with the above statement of purpose, the Board will use the following criteria when applications for competitive based financial benefits exceed the funds available:

- 30 Points max. 1. The effectiveness and impact of the project, including but not limited to:
- A demonstration that the project offers a reasonable solution to the identified opportunity or problem;
 - A demonstration that the project will have a significant and long lasting impact on the overall issues facing the downtown; or
 - Other pertinent considerations.
- 25 Points max. 2. The degree of the integration of the project within the existing district, and with any coordinated plan for the downtown district and surrounding area, including but not limited to:
- The extent to which the project best preserves features and character of the designated downtown, including especially the downtown historic resources and streetscape, in terms of materials, features, size, scale, proportion and massing of buildings;
 - The importance of the project to the revitalization effort, particularly as expressed in the Capital Improvement Plan, the downtown organization's strategic or master plan, or the municipal plan; or
 - Other demonstrations of compatibility and importance of the project.
- 25 points max. 3. Community Need factors, including but not limited to:
- Vulnerability of the downtown district to economic decline due to competing development in adjacent areas;
 - Degree of any deficiency in the downtown district of transportation infrastructure including parking facilities;
 - Desirability of prompt action to secure the benefits of the project for the downtown district;
 - Vacancy rate of downtown buildings, expressed as a percentage of the total available space;

- Current or projected unemployment rate within the labor market area in which the municipality is located; or
 - Other community need factors.
- 15 Points max. 4. The extent to which the project is likely to begin construction within 18 months, including, but not limited to:
- Status of funding necessary to complete the project;
 - Status of permits necessary to construct the project;
 - A realistic schedule that will lead to the construction of the project; or
 - Other factors that give assurance that the project will be under construction within 18 months.
- 5 Points max. 5. The municipality has adopted ordinances or bylaws that support the preservation of the downtown's vitality, including but not limited to:
- An ordinance or bylaw requiring that new construction in the downtown development district shall be compatible with the buildings that contribute to the integrity of the district, in terms of materials, features, size, scale and proportion, and massing of buildings, and that exterior rehabilitation shall respect the historic and architectural significance and its exterior features;
 - A conditional use provision in a town zoning ordinance that supports adaptive reuse of historic properties; or
 - Other pertinent provisions in the bylaws or ordinances.
- 5 Points max. 6. The Board will also review the amount of investment from individual Vermont taxpayers that has been committed to projects in the downtown district. In considering this factor, the board shall recognize the value of individuals (individual is defined as a “natural person”) participating in downtown projects by giving preference to applications for incentives from individual Vermont taxpayers, and projects coordinated by developers who have encouraged the participation of such investors.

Application Guidelines for

The 10% Vermont Income Tax Credit for Substantial Rehabilitation of Certified Historic Buildings

(also Claiming the 20% Federal Rehabilitation Investment Tax Credit)

Overview

This credit is a 10% “add-on” credit for projects receiving the 20% federal Rehabilitation Investment Tax Credit (RITC) for historic buildings. Projects qualifying for this 10% state tax credit will thus receive a net 30% credit (20% Federal and 10% State) for all qualified rehabilitation expenses (for example, \$100,000 spent will receive a \$20,000 Federal credit and a \$10,000 State credit = \$30,000 net credit). The owner, or long-term lessee, can claim this credit against the taxpayer’s individual income tax, state corporate income tax, bank franchise or insurance premiums tax liability. There is no per building cap on the RITC or the state 10% add-on credit. Projects in downtowns that are taking substantial actions to achieve downtown designation may be eligible for this credit prior to designation.

Summary information on the 20% federal RITC can be found at the end of this section.

Qualified project:

- the building must be in a designated downtown district or one that is in the process of being designated. *Applicants for buildings in districts that are in the process of being designated must follow the additional instructions described in the section “To apply for the credit.”*
- the building must be listed or become listed in the National Register of Historic Places. (Many downtown buildings throughout Vermont are already listed; thousands of other pre-1950 buildings qualify).
- the building must be income-producing; owner-occupied single family residences are not eligible.
- project costs related to the rehabilitation must exceed \$5,000, and meet or exceed the building’s *adjusted basis* (= purchase price, minus value of land, minus past depreciation, plus past capital improvements).
- project must have received approval for the 20% federal RITC by applying to the National Park Service to receive “certified rehabilitation” status. A summary of the RITC can be found in this booklet. Contact the Division for Historic Preservation (802-828-3047) for application materials and assistance in obtaining this credit.
- the project will maintain existing jobs or create additional jobs, or in the case of housing, 10% of the rehabilitated units qualify as affordable housing.

Qualified Rehabilitation Expenditures:

- all rehabilitation costs, including code and access compliance, paint, wiring, etc.; anything that cannot be removed from the rehabilitated building
- professional fees and construction period interest and taxes

The credit does not include new construction, additions, site work, landscaping. *Exterior elevator additions*, as part of a project that otherwise qualifies for the 20% federal and 10% state tax credits, are eligible for either the 50% Tax Credit for Platform Lifts, Elevators and Sprinklers, or the 25% Vermont Rehabilitation Tax Credit for Older or Historic Buildings. Guidelines for both of these credits are included in this booklet.

Period of eligibility

The applicant must apply to the Downtown Board for this credit within one year of receiving “certified rehabilitation status” for the Rehabilitation Investment Tax Credit (RITC) from the National Park Service, but expenditures made prior to May 15, 2002 are not eligible for this credit. The credit is available for the first year that the qualified building is placed in service after the qualified expenditures are made, and any unused credit may be carried forward to reduce the taxpayer’s tax liability for no more than 14 succeeding tax years following the first year the credit is claimed.

Combining credits

Along with this credit, an owner or lessee can use the 50% Tax Credit for Elevators, Platform Lifts and Sprinkler Systems on the same project as long as he or she is following all the rules of each program, and is not claiming credits more than once on any eligible expenditure. The 10% and 25% credits cannot be used on the same project. If an applicant intends to use more than one credit program on the same project, he or she should apply to the Downtown Board for all credit allocations at the same time, following the directions for each program.

For a simple example, an owner planning to spend \$400,000 on qualified rehabilitation expenditures, including installing a sprinkler system that will cost \$60,000, is eligible to apply for the 50% Tax Credit for Elevators, Platform Lifts and Sprinkler Systems for up to \$50,000 in eligible costs – the credit is capped at \$25,000. For the remaining \$350,000 in eligible costs (\$400,000 minus \$50,000 for sprinkler expenditure for which owner will use the 50% credit), the owner could apply to the 10% Tax Credit program (a \$35,000 credit allocation). The net credit on \$400,000 total qualified expenditures would be:

\$ 80,000 federal RITC	(20% of \$400,000 total qualified expenditures)
25,000 state credit	(50% of \$50,000 cap for sprinkler system)
<u>35,000</u> state credit	(10% of total project cost less cost of sprinkler system)
\$140,000 total credit	

(Please refer to the Application Guidelines for *The 50% Tax Credit for Elevators, Platform Lifts and Sprinkler Systems* for eligibility and application instructions).

Recapture penalties

The owner (or lessee) must hold the building for a full five years after completing the tax credit project and must comply with all historic preservation standards for work and subsequent work during that period. Failure to do so may result in the loss of the entire tax credit. If the property is sold, no unclaimed credit may be used in that year or future years, and a recapture penalty is assessed on the credit already used according to the following table:

<i>Years between close of tax year when credit became available and tax year when building was disposed</i>	<i>Percent of credit recaptured</i>
Less than one year	100%
One year	80%
Two years	60%
Three years	40%
Four years	20%

If due to inappropriate work or fraud, the property loses its federal “certified rehabilitation” status, the total amount of the credit taken is recaptured.

To apply for the credit

Please also refer to *General Information for All Tax Credit Applicants* found at the front of this booklet. There is no application form for the 10% credit. An owner or lessee applies by sending to the Vermont Downtown Board the following:

1. A letter including the following information:
 - Name, address and phone number of applicant
 - Property address
 - Statement that the property is located within the boundaries of a designated downtown
 - Date(s) of construction for qualified project. Indicate date started and completed, or estimated start and completion dates.
 - The total dollar amount of qualified rehabilitation expenditures the applicant commits to spend on the project, and a dollar amount request for a tax credit allocation of 10% of the qualified rehabilitation expenditures.
 - If applicable, a statement of what other tax credits the applicant is requesting from the board for this project.
 - Certification and any relevant supporting information that the project will maintain existing jobs or create additional jobs, or in the case of housing, that 10% of the rehabilitated units qualify as affordable housing.
2. Attach the following:
 - A copy of the federal RITC application Part 2, signed by the National Park Service.
 - A letter from the local downtown organization in the town or city where the property is located, addressing the “Competitive Criteria under the Downtown

Development Act” (see “General Information” at beginning of these guidelines) which will be used by the Downtown Board in cases of competitive selection.

Applicants may want to check with Vermont Downtown Program in advance to find out if a competitive situation is likely before obtaining this letter.

For buildings in downtowns that are in the process of being designated:

The Downtown Board gives priority for tax credits to projects within designated downtowns. However, projects in downtowns that are not yet designated are eligible to apply for the credits if the host community can demonstrate to the Board that it has taken *substantial actions* and made *substantial commitments* toward designation, and it will be ready to apply for designation within 6 months of the first tax credit project application. Once the Downtown Board approves the first tax credit application, any further applications from the same municipality within the 6-month period are only required to show evidence that the application is for a building within the proposed downtown boundary.

The applicant is responsible for contacting the municipality to determine the status of its designation process. The applicant must include, at a minimum, the following items in the application, in addition to items 1 and 2 described above:

3. A resolution or other formal action by the legislative body of the municipality demonstrating a commitment to seek designation within six months, *and* showing that the project is located within the boundaries of the area intended for designation.
4. A status report on each of the requirements for designation with a schedule detailing how any requirements that are not met at the time of application will be completed within six months.
5. Any other evidence that the municipality has taken substantial action to achieve designation.

To claim the credit

In the first year claiming a credit under this program, the taxpayer must submit a copy of the Downtown Board’s credit allocation letter, countersigned by the taxpayer, and a copy of the taxpayer’s federal income tax return claiming the federal 20% RITC along with the Vermont income tax return. The Department of Taxes strongly encourages taxpayers to include a copy of the allocation letter with the tax return for all subsequent years claiming any portion of this credit.

To access Vermont statute on this tax credit

The tax credit statute is available online at the Vermont Legislative Home Page www.leg.state.vt.us . Select “Vermont Statutes Online” and search for Title 32, Chapter 151, subchapter 5930n. The Vermont Statutes are also available at the Vermont Supreme Court law library, most public libraries, college libraries and in municipal offices.

Fee Rebate from Department of Labor and Industry

Building owners or lessees who install qualified sprinkler systems in buildings that have been awarded the 10% or 25% downtown tax credit are eligible for a rebate of up to \$2,000 on

construction permit fees. The fees for the entire construction project are eligible, not just the portion of the fee based on the value of the sprinkler system. To qualify for the rebate:

- The sprinkler system must be a complete automatic fire sprinkler system installed according to Dept. of Labor and Industry rules
- The sprinkler system must receive Dept. of Labor and Industry final acceptance testing and approval
- The system must be installed in a building that has been awarded either the 10% or 25% downtown tax credit by the Downtown Board
- The applicant must provide a letter to the Dept. of Labor and Industry stating that the building is located within a designated downtown

If in any year, applications exceed \$40,000, the Dept. of Labor and Industry shall grant rebates according to the date the building was awarded a downtown tax credit, with the earlier date receiving priority. To apply for a rebate, or for more information, contact either the manager of your regional Labor and Industry office or the chief fire prevention officer in Montpelier. Their numbers are listed at the end of this section.

Technical assistance from Department of Labor and Industry

The Department of Labor and Industry has committed to providing additional technical assistance for buildings in designated downtowns, in order to make their redevelopment easier and more predictable. Staff are available to meet with owners or developers who are considering a project in a designated downtown to provide them with additional technical assistance on meeting code requirements. This review occurs prior to the actual construction when it is easier and less expensive to make changes in the project. Historic buildings often benefit from a preliminary review that helps to identify significant historic features and materials, and integrates operational and building construction features. For assistance, the applicant should contact either the manager of their regional Labor and Industry office, or the Chief Fire Prevention Officer at the main office in Montpelier, listed below:

Barre

Ph: 802-479-4434
Fax: 802-479-4446

Rutland

Ph: 802-786-5867
Fax: 802-786-5872

Springfield

Ph: 802-885-8883
Fax: 802-885-8885

Main Office

Chief Fire Prevention Officer
Montpelier
Ph: 802-828-2747
Fax: 802-828-2195

Williston

Ph: 802-879-2300
Fax: 802-879-2312

The 20% Federal Rehabilitation Investment Tax Credit (RITC) (A pre-requisite for the 10% State Tax Credit for Designated Downtowns)

General Information

What is a tax credit?

Briefly, a tax credit is better than a deduction. While a deduction merely lowers a taxpayer's taxable income, a credit lowers a taxpayer's actual tax bill. For example, if your tax bill is \$10,000, a \$4,000 credit will reduce your tax bill to \$6,000.

The Rehabilitation Investment Tax Credit (RITC) is the most widely available tax credit

This federal tax credit is for 20% of the costs of renovations to an income producing building (including labor, materials and architects or other consultant fees). For instance, if an owner/developer spent \$100,000 restoring a historic building, they would get 20%, or \$20,000, worth of tax credits. In other words, for every four dollars the developer puts into the project, the IRS puts in one dollar.

What properties qualify?

To qualify for the federal credit, a building must be certified as a historic building in a National Register Historic District or must be individually listed in the National Register of Historic Places. Owners of historic buildings that are not currently in the Register may apply for listing through the Division for Historic Preservation by contacting Sue Jamele at (802) 828-3046.

Other requirements:

- All work must meet the Secretary of the Interior's Standards, as reviewed by the Division for Historic Preservation and be approved by the National Park Service (NPS).
- The project cost must exceed the adjusted basis of the building: (Adjusted basis is the purchase price, minus the cost of land, plus improvements already made, minus depreciation already taken).
- Projects have 24 months for the rehabilitation costs to exceed the adjusted basis value. Projects may have as much as 60 months IF applications and plans are submitted in advance.
- The tax credit is limited to income producing properties such as a retail store, office building, apartment building, or a vacation rental. Private homes, which do not generate income, are not eligible for the credit.

Planning your project

The Division for Historic Preservation encourages owners, contractors, and architects to meet with staff at the earliest stage of project planning to discuss meeting the Standards and to answer project specific questions. The Division has an excellent track record for obtaining NPS approvals for tax credit applications and is also a resource for building rehabilitation solutions. Owners who are planning a project should call **Chris Cochran** at (802)828-3047, or e-mail at chris.cochran@state.vt.us to arrange a meeting or for additional information and an application. Most RITC applications are completed by a qualified preservation consultant. Contact

information for these consultants as well as helpful information about restoring or making changes to historic buildings can be found at the Division for Historic Preservation website www.historicvermont.org.

Three Steps for receiving the federal tax credit:

Owners must complete a three-part application for the RITC. To assure receipt of the tax credit, owners are urged to obtain approval of Steps 1 and 2 before starting work. It is assumed that some alteration of the historic building will occur to provide for an efficient use. However, the project must not damage, destroy, or cover materials or features that help define the building's historic character. As such, work undertaken prior to approval may jeopardize the owner's tax credit.

Step 1. Evaluation of Significance— If the building is individually listed in the National Register of Historic Places, it is already a certified historic structure. If the building is not listed in the National Register, call the Division for Historic Preservation to make a preliminary determination of significance. A preliminary determination of significance allows the owner to proceed with the rehabilitation project while the process of nominating a building or a district to the National Register continues. Preliminary determinations, however, are not binding. They become final only when the building or the historic district is listed in the National Register or when the documentation for a historic district already listed in the National Register is amended to include the project building.

Step 2. Description of Rehabilitation—Before the project begins, photos documenting existing conditions inside and out, the work program, and project plans and drawings--including related demolition and new construction--are reviewed by the Division for Historic Preservation. The Division forwards this application to the NPS with a recommendation. NPS certifies, or approves, the plans only if the overall rehabilitation project meets the Secretary of the Interior's Standards for Rehabilitation. The Standards are included at the end of these guidelines or can be found at <http://www2.cr.nps.gov/tps/tax/rehabstandards.htm>.

Step 3. Request for Certification of Completed Work—Photo documentation after the rehabilitation is complete is sent to the Division for Historic Preservation. The Division forwards it with a recommendation to the NPS, which determines if work meets the Secretary of the Interior's Standards for Rehabilitation. NPS designates the project a "certified rehabilitation."

Further information and how to apply

A pamphlet, *Preservation Tax Credits for Historic Buildings*, further details information about the RITC. This information can also be found at <http://www2.cr.nps.gov/tps/tax/index.htm>. Request further information and an application from **Chris Cochran** chris.cochran@state.vt.us (802) 828-3047.

Application Guidelines for

The 50% Downtown Tax Credit for Elevators, Platform Lifts and Sprinkler Systems

Overview

A 50% state income tax credit is available to property owners and lessees for installing or improving an elevator, platform lift or sprinkler system to meet building codes, in a building in a designated downtown. The credits for an elevator or sprinkler system are each capped at \$25,000, and \$12,000 for a lift. Applicants who are eligible for the 50% federal Disabled Access Tax Credit www.usdoj.gov/crt/ada/taxpack/htm (many small businesses are) must subtract the first \$10,000 in expenditures when applying for the state tax credit for either an elevator or a lift. Only one award may be made to any one building, but may include credits for each eligible category. An applicant may request the credit allocation in the form of a mortgage credit certificate that a bank may accept in return for adjusting the rate or term of the applicant's loan on the building.

Qualified expenditures: the capital expenditures performed in an existing building in a designated downtown, to comply with state laws and rules concerning fire prevention, life safety and accessibility, as determined by the Department of Labor and Industry for installing or improving:

- a sprinkler system consisting of an integrated water or mist system of underground and overhead piping, risers, valves, sprinklers, nozzles, devices for actuating alarms, one or more automatic water supply(ies) including entrances, on-site water storage, and pumps;
- an elevator consisting of a car with controls and equipment, that serves two or more landings, a shaft to house the car and the hoisting and lowering mechanism, the necessary power to operate the elevator and ancillary systems such as fire recall, where necessary;
- A vertical platform lift consisting of the platform, shaft, controls, equipment and the necessary power to operate the lift, suitable for transporting a personal mobility device and capable of independent operation.

Credit amount:

- Sprinkler system – 50% of qualified expenditures up to a maximum tax credit of \$25,000
- Elevator – 50% of qualified expenditures up to a maximum tax credit of \$25,000. Applicants who are eligible for the federal Disabled Access Tax Credit (see below) must subtract the first \$10,000 in project expenditures, which are not eligible for the state tax credit.
- Platform lift – 50% of qualified expenditures up to a maximum tax credit of \$12,000. Applicants who are eligible for the federal Disabled Access Tax Credit (see below) must subtract the first \$10,000 in project expenditures, which are not eligible for the state tax credit.

Only one tax credit award can be made to a building under this program. An applicant may apply for a credit for each of the three eligible categories of work in a single building as long as the

application is made at one time. For example, an applicant who is installing both an elevator and a sprinkler system in the same building may apply for up to \$50,000, as long as he or she includes the request in a single application.

Qualified applicant – Property owners or lessees *with the following exceptions:*

- religious entity operating with a primarily religious purpose
- state or federal government
- political subdivision of the state or federal government (including municipalities)
- where the subject building is used solely as the residence of the property owner or lessee

Mortgage Credit Certificate

The applicant may request the credit allocation in the form of a mortgage credit certificate. The certificate is negotiable with banks in adjusting the rate or term of a mortgage or loan related to the qualified building. A bank that purchases a mortgage credit certificate may use it to reduce its franchise tax liability for the first tax year in which the qualified building is placed back in service after completion of the project, or in a subsequent year.

If at the time of application to the Downtown Board, the applicant knows what bank will be accepting the mortgage credit certificate, that information should be included. An applicant who has received a tax credit allocation from the board may subsequently request it from the board in the form of a mortgage credit certificate, stating the portion of the credit that has not been taken. The applicant must also, at this time, provide the board with a copy of all tax returns documenting tax credits already taken.

Federal Disabled Access Tax Credit

A federal 50% tax credit is available for the first \$10,000 of qualified expenditures for an elevator or lift installation or improvement. Many small businesses in Vermont are eligible for this credit. To determine eligibility, refer to www.usdoj.gov/crt/ada/taxpack.htm. An eligible applicant must first claim any qualified expenditures for the first \$10,000 in costs from the federal government. Qualified expenditures above \$10,000 are eligible for the 50% state tax credit. Businesses that do not qualify for the federal tax credit can apply for the state tax credit for all qualified expenditures (no deductions). Applicants to the state tax credit will need to certify that they have determined eligibility and have not applied for state tax credits where the federal credit would apply.

The federal disabled tax credit is available for a number of access improvements besides elevators and lifts, including architectural adaptations, equipment acquisitions and services such as sign language interpreters. There is also a tax deduction (subtracted from your total income before taxes, to establish your taxable income) available for architectural or transportation adaptations. The website describes these federal incentives and how they can be combined. Those without web access can contact the IRS. The federal incentives can be used with the 50% state tax credit.

Project design

It is expected that projects in historic buildings will be designed to respect the property's historic features and materials. Installations of elevators, lifts and sprinkler systems can be done without removing or damaging historically significant interior or exterior features or materials. The Secretary of the Interior's Standards provide excellent guidance for planning a rehabilitation project. The Standards are listed at the end of this booklet.

Department of Labor and Industry consultation and approval of compliance

To qualify for this credit, all work must be determined by Labor and Industry to comply with life safety, fire prevention and accessibility requirements. If applying for the credit before construction begins, the applicant will need to obtain a letter of conditional approval from Labor and Industry and attach it as part of the application. For applications for projects that are complete, the applicant must attach a copy of the plan review letter from Labor and Industry.

The Department of Labor and Industry has committed to providing additional technical assistance for buildings in designated downtowns, in order to make their redevelopment easier and more predictable. Staff are available to meet with owners or developers who are considering a project in a designated downtown to provide them with technical assistance on meeting code requirements. This review occurs prior to the actual construction when it is easier and less expensive to make changes in the project. Historic buildings often benefit from a preliminary review that helps to identify significant historic features and materials and integrates operational and building construction features. For assistance contact either the manager of your regional Labor and Industry office or the chief fire prevention officer in Montpelier. Contact information is listed at the end of this section.

Please note that if the applicant makes changes to a planned project after receiving a letter of conditional approval from Labor and Industry, a construction permit or plan review approval may not be issued. The burden remains on the applicant to comply with all relevant fire prevention, life safety and accessibility rules throughout the entire process.

Period of eligibility

The applicant must apply to the Downtown Board for this credit within one year of starting work on the eligible project, but expenditures made prior to May 15, 2002 are not eligible for this credit. The credit is available for the tax year in which the qualified expenditures are made, and any unused credit may be carried forward to reduce the taxpayer's tax liability for no more than 14 succeeding tax years following the first year the credit is claimed.

Combining credits

An owner or lessee can use this credit at the same time as either of the other two building rehab tax credits for designated downtowns as long as he or she is following all the rules of each program, and is not claiming credits more than once on any eligible expenditure. If an applicant intends to use more than one credit program on the same project, he or she should apply to the Downtown Board for all credit allocations at the same time, following the directions for each program.

For a simple example, an owner installing a sprinkler system that will cost \$60,000 is eligible to apply for the 50% sprinkler tax credit for up to \$50,000 in eligible costs – the credit is capped at \$25,000. For the remaining \$10,000 in eligible costs (\$60,000 minus \$50,000), the owner could apply for a \$2,500 credit allocation from the 25% Older or Historic Building tax credit program, for a total credit of \$27,500. (Please refer to the Application Guidelines for *The 25% Vermont Rehabilitation Tax Credit for Older or Historic Buildings* for eligibility and application instructions).

Recapture penalties

If the property is sold, then no unclaimed credit may be used in that year or future years, and a recapture penalty will be assessed on the credit already used according to the following table:

<i><u>Years between close of tax year when credit became available and tax year when building was disposed</u></i>	<i><u>Percent of credit recaptured</u></i>
Less than one year	100 %
One year	80%
Two years	60%
Three years	40%
Four years	20%

To apply for the credit

Please also refer to *General Information for All Tax Credit Applicants* found at the front of this booklet. There is no application form for the 50% credit. An owner or lessee applies by sending to the Vermont Downtown Board the following:

1. A letter including the following information:
 - Name, address and phone number of applicant
 - Property address
 - A statement that the property is located within the boundaries of a designated downtown
 - A statement that the applicant is an owner or lessee that is not a:
 - a. religious entity operating with a primarily religious purpose; or
 - b. state or federal agency; or
 - c. political subdivision of municipal, state, or federal government; or
 - d. an instrumentality of the United States; and
 - e. that the property is not solely the residence of the owner or lessee.
 - Date(s) of construction of qualified project. Indicate date started and completed, or estimated start and completion dates.
 - A brief description of the qualified project and the project design.
 - A list of the qualified expenditures for the project
 - For elevator or lift projects, a statement that the applicant is or is not eligible for the Federal Disabled Tax Credit and that the applicant is not applying for state tax credits where the federal credit is available.

- The total cost of the eligible project that the applicant commits to spend on the project, *and* a dollar amount request for a tax credit of 50% of the qualified expenditures (up to a maximum of \$25,000 for a sprinkler or elevator; up to a maximum of \$12,000 for a lift)
 - A statement that the project does or will comply with state laws and rules concerning fire prevention, life safety and accessibility as determined by the Department of Labor and Industry;
 - If requesting credit in the form of a Mortgage Credit Certificate - name and address of financial institution, contact name and phone number
2. Attach the following:
- A letter of approval of compliance from the Department of Labor and Industry
 - A letter from the local downtown organization in the town or city where the property is located, addressing the “Competitive Criteria under the Downtown Development Act” (see “General Information” at beginning of these guidelines) which will be used by the Downtown Board in cases of competitive selection. Applicants may want to check with Vermont Downtown Program in advance to find out if a competitive situation is likely before obtaining this letter.

To claim the credit

In the first year claiming a credit under this program, the taxpayer must submit a copy of the Downtown Board’s credit allocation letter, countersigned by the taxpayer, with the income tax return. The Vermont Department of Taxes strongly encourages taxpayers to include a copy of the allocation letter with the tax return for all subsequent years claiming any portion of this credit.

To access Vermont statute on this tax credit:

The tax credit statute is available online at the Vermont Legislative Home Page www.leg.state.vt.us . Select “Vermont Statutes Online” and search for Title 32, Chapter 151, subchapter 5930q. The Vermont Statutes are also available at the Vermont Supreme Court law library, most public libraries, college libraries and in municipal offices.

Department of Labor and Industry contact information:

Barre

Ph: 802-479-4434

Fax: 802-479-4446

Rutland

Ph: 802-786-5867

Fax: 802-786-5872

Springfield

Ph: 802-885-8883

Fax: 802-885-8885

Main Office - Montpelier

Chief Fire Prevention Officer

Ph: 802-828-2747

Fax: 802-828-2195

Williston

Ph: 802-879-2300

Fax: 802-879-2312

Application Guidelines for

The 25% Vermont Rehabilitation Tax Credit for Older or Historic Buildings

Overview

A state income tax credit of 25% is available for owners or lessees of buildings built prior to 1983 for projects that cannot qualify for the 20% Federal RITC and 10% State “add-on” credit. Up to a maximum of \$25,000, this credit is for 25% of the costs of code and certain safety compliance improvements, façade and storefront restoration, and the redevelopment of contaminated sites. A minimum expenditure of \$5,000 over a 2-year period is required. The owner or lessee can claim this credit against the taxpayer’s state individual income, state corporate income, bank franchise or insurance premiums tax liability. An applicant may request the tax credit allocation in the form of a mortgage credit certificate, which a bank may accept in return for adjusting the rate or term of the applicant’s loan on the building. The property owner or lessee must complete an application form and submit it to the municipality, which must certify that the project meets local review standards before forwarding the application to the Downtown Board. Projects in downtowns that are taking substantial actions to achieve downtown designation may be eligible for this credit prior to designation.

Qualified project:

- the applicant may not begin the work for which he or she is claiming the credit before the application is submitted to the Vermont Downtown Development Board.
- the building must be in a designated downtown district or one that is in the process of being designated. *Applicants for buildings in districts that are in the process of being designated must follow the additional instructions described in the section “To apply for the credit.”*
- the building must have been built prior to January 1, 1983. (Work on portions of a building built after that date does not qualify unless it addresses compliance in the pre-1983 portion of the building).
- If the property is listed in or individually eligible for the National Register of Historic Places (NR), the total expenses of the building project (both Qualified Expenditures and non-qualifying rehabilitation work) *must be less than the building’s adjusted basis* (= purchase price, minus value of land, minus past depreciation, plus past capital improvements).

Qualified Expenditures:

- Qualified Expenditures must exceed \$5,000 in a two-year period selected by the taxpayer and ending within the taxable year.
- A maximum credit of \$25,000 for 25% of the cost of the Qualified Expenditures
- The tax credit may only be used for the following activities:
 1. Compliance with Vermont accessibility law (chap. 4 of Title 21) and the Americans with Disabilities Act;
 2. Building, electrical, plumbing or life safety code compliance;
 3. Abating or making safe lead paint conditions;

4. Abating other hazardous substances;
5. Redevelopment of Contaminated Sites Program costs;
6. Rehabilitation of a building facade that contributes to the integrity of the designated district;
7. Creating additional space within an existing building while at the same time performing one or more of items 1 through 4 above. The new space must be able to be occupied and must meet all accessibility, building code, lead paint and hazard abatement regulations.

Qualified applicant – Property owners or lessees *with the following exceptions*:

- religious entity operating with a primarily religious purpose; or
- state or federal government; or
- political subdivision of the state or federal government (including municipalities); and
- where the subject building is used solely as the residence of the property owner or lessee

Mortgage Credit Certificate

The applicant may request the credit allocation in the form of a mortgage credit certificate. The certificate is negotiable with banks in adjusting the rate or term of a mortgage or loan related to the qualified building. A bank that purchases a mortgage credit certificate may use it to reduce its franchise tax liability for the first tax year in which the qualified building is placed back in service after completion of the project, or in a subsequent year.

If at the time of application to the Downtown Board, the applicant knows what bank will be accepting the mortgage credit certificate, that information should be included. An applicant who has received a tax credit allocation from the board may subsequently request it from the board in the form of a mortgage credit certificate, stating the portion of the credit that has not been taken. The applicant must also, at this time, provide the board with a copy of all tax returns documenting tax credits already taken.

Department of Labor and Industry consultation and approval of compliance

To qualify for this credit, all work must be determined by the Department of Labor and Industry to comply with life safety, fire prevention and accessibility requirements. An applicant must apply for the credit before construction begins, and will need to obtain a letter of conditional approval from Labor and Industry and attach it as part of the application.

The Department of Labor and Industry has committed to providing additional technical assistance for buildings in designated downtowns, in order to make their redevelopment easier and more predictable. Staff are available to meet with owners or developers who are considering a project in a designated downtown to provide them with additional technical assistance on meeting code requirements. This review occurs prior to the actual construction when it is easier and less expensive to make changes in the project. Historic buildings often benefit from a preliminary review that helps to identify significant historic features and materials, and integrates operational and building construction features. For assistance contact either the manager of your regional Labor and Industry office or the chief fire prevention officer in Montpelier. Their numbers are listed at the end of this section.

Please note that if the applicant makes changes to a planned project after receiving a letter of conditional approval from Labor and Industry, a construction permit or plan review approval may not be issued. The burden remains on the applicant to comply with all relevant fire prevention, life safety and accessibility rules throughout the entire process.

Period of eligibility

The applicant cannot begin work on the project before the Downtown Board receives the application. The credit is available for the first tax year in which that part of the building for which the qualified expenditures were made is placed back in service. Any unused credit may be carried forward to reduce the taxpayer's tax liability for no more than 9 succeeding tax years following the first year the tax credit is claimed.

Combining credits

The 10% and 25% credits cannot be used on the same project except that a new exterior elevator addition which is an ineligible cost under the federal RITC and 10% state add-on credit, is eligible for the 25% credit.

However, an owner or lessee can use the 50% elevator, lift and sprinkler credit with the 25% credit on the same project as long as he or she is following all the rules of each program, and is not claiming credits more than once on any eligible expenditure. If an applicant intends to use more than one credit program on the same project, he or she should apply to the Downtown Board for all credit allocations at the same time, following the directions for each program.

For example, an owner making electrical, plumbing, accessible restroom, and elevator improvements to comply with building codes, is eligible to apply for the 50% elevator tax credit. Most owners will be eligible for the Federal Disabled Access Tax Credit, which is a 50% credit for up to the first \$10,250 in expenditures, capped at \$5,000, for elevators and other accessibility improvements. To determine eligibility, refer to www.usdoj.gov/crt/ada/taxpack.htm. When applying for the 50% state elevator credit, applicants who meet eligibility requirements for the Federal Disabled Access Credit must first use this federal credit.

Assuming the elevator costs \$75,000, and the owner applies for a \$5,000 (50%) federal credit on the first \$10,000, he or she could then apply for a \$25,000 (50%) state tax credit for elevators on the remaining \$65,000 (\$75,000 total project cost less \$10,000). This 50% state credit is capped at \$50,000 in expenditures, for a maximum credit of \$25,000. For the remaining \$15,000 in costs (\$65,000 less \$50,000 maximum expenditure for state elevator credit), the owner could apply for a \$6,250 (25%) tax credit that is available for code and façade improvements. (Please refer to the Application Guidelines for *The 50% Downtown Tax Credit for Elevators, Platform Lifts and Sprinkler Systems* for eligibility and application instructions). Total credits would be \$36,250 on \$75,000 in expenditures.

Recapture penalties

The owner (or lessee) must hold the building for a full five years after completing the tax credit project, or pay back the credit, and may not claim any unused credit. The owner must pay back the credit according to the following table:

<u>Years between close of tax year when credit became available and tax year when building was disposed</u>	<u>Percent of credit recapture</u>
Less than one year	100%
One year	80%
Two years	60%
Three years	40%
Four years	20%

The total amount of the credit taken is recaptured if the work fails to meet any requirement of the local municipal board's certification or if the applicant failed to supply true information, or the information required for the local municipal board to certify the project.

To apply for the credit

Please also refer to *General Information for All Tax Credit Applicants* found at the front of this booklet. The owner or lessee must first apply to the local municipal board that administers the "planning commitment" (either a design control district, local historic district, urban renewal district or development review board) approved for the municipality as part of its downtown designation. The applicant should contact the local downtown organization to find out who the appropriate board is, then notify that board of his or her intent to apply. The local board will need time to schedule the review of the application before submitting it to the Downtown Board, so the applicant should plan accordingly.

To apply, the applicant should use the *Application for a 25% Rehabilitation Tax Credit for Older or Historic Buildings* included in these guidelines, unless the local board provides the applicant with a form adopted by the municipality for this purpose. If a municipality uses its own form it must include all of the information required in this application form. The applicant must complete the first three sections of the form and submit it with the attachments required in the application to the local board.

The applicant is also responsible for requesting from the local downtown organization a written response to the "Competitive Criteria under the Downtown Development Act" (see "General Information" at beginning of these guidelines) which will be used by the Downtown Board in cases of competitive selection. Applicants may want to check with Vermont Downtown Program staff in advance to find out if a competitive situation is likely before obtaining this letter.

The local board reviews the application and completes section IV of the form. If the local board finds that the project qualifies for the credit and meets local standards for historic buildings, it approves the application and forwards the following information package to the Downtown Development Board:

1. Cover letter from municipal representative of local board including:
 - Brief description of project work and use of building before and after the project;
 - Recommendation of approval of a tax credit allocation for a specified amount;
 - If the building is listed in the State or National Register, statement that the

proposed work meets the local review standards for historic buildings;

2. Completed *Vermont Downtown Program Application for 25% Rehabilitation Tax Credit for Older or Historic Buildings* (or equivalent provided by municipality);
3. Letter from the local downtown organization addressing the “Competitive Criteria under the Downtown Development Act.” Applicants may want to check with Vermont Downtown Program staff in advance to find out if a competitive situation is likely before obtaining this letter.

For buildings in downtowns that are in the process of being designated:

The Downtown Board gives priority for tax credits to projects within designated downtowns. However, projects in downtowns that are not yet designated are eligible to apply for the credits if the host community can demonstrate to the Board that it has taken substantial actions and made substantial commitments toward designation, and it will be ready to apply for designation within 6 months of the first tax credit project application. Once the Downtown Board approves the first tax credit application, any further applications from the same municipality within the 6-month period are only required to show evidence that the application is for a building within the proposed downtown boundary.

The applicant is responsible for contacting the municipality to determine the status of its designation process. The applicant must include, at a minimum, the following items in the application, in addition to the application requirements described above:

4. A resolution or other formal action by the legislative body of the municipality demonstrating a commitment to seek designation within six months, *and* showing that the project is located within the boundaries of the area intended for designation.
5. A status report on each of the requirements for designation with a schedule detailing how any requirements that are not met as of the time of application will be completed within six months.
6. Any other evidence that the municipality has taken substantial action to achieve designation.

Note to municipality:

Application form. The Vermont Downtown Program provides an application form - *Application for 25% Rehabilitation Tax Credit for Older or Historic Buildings* - included with these guidelines. The municipality may use its own form but it must contain all of the information that is included in the Vermont Downtown Program form. The municipality should request advance approval of its form by the Downtown Program.

Local review standards for historic buildings. According to statute, if the application is for a historic building (which is defined as one listed in the State or National Register of Historic Places), the local board must find that the proposed work meets review standards adopted by the municipality. If the historic building falls within a design review or local historic district adopted as part of the municipality’s zoning bylaws, the review standards will be those adopted for

administration of that district. If the historic building is not located within a municipal design review or local historic district, the local board must adopt review standards for purposes of approving applications for this tax credit program. Municipalities are encouraged to develop their own standards, or may adopt the “Secretary of the Interior’s Standards for Rehabilitation” found in these guidelines. When submitting an application for work on a historic building to the Downtown Board, the municipality must certify that the project meets local review standards.

To claim the credit

In the first year claiming a credit under this program, the taxpayer must submit a copy of the Downtown Board’s credit allocation letter, countersigned by the taxpayer, with the income tax return. The Vermont Department of Taxes strongly encourages taxpayers to include a copy of the allocation letter with the tax return for all subsequent years claiming any portion of this credit.

To access Vermont Statute on this tax credit

The tax credit statute is available online at the Vermont Legislative Home Page www.leg.state.vt.us . Select “Vermont Statutes Online” and search for Title 32, Chapter 151, subchapter 5930p. The Vermont Statutes are also available at the Vermont Supreme Court law library, most public libraries, college libraries and in municipal offices.

Fee Rebate from Department of Labor and Industry

Building owners or lessees who install qualified sprinkler systems in buildings that have been awarded the 10% or 25% downtown tax credit are eligible for a rebate of up to \$2,000 on construction permit fees. The fees for the entire construction project are eligible, not just the portion of the fee based on the value of the sprinkler system. To qualify for the rebate:

- The sprinkler system must be a complete automatic fire sprinkler system installed according to Dept. of Labor and Industry rules
- The sprinkler system must receive Dept. of Labor and Industry final acceptance testing and approval
- The system must be installed in a building that has been awarded either the 10% or 25% downtown tax credit by the Downtown Board
- The applicant must provide a letter to the Dept. of Labor and Industry stating that the building is located within a designated downtown

If in any year, applications exceed \$40,000, the Dept. of Labor and Industry shall grant rebates according to the date the building was awarded a downtown tax credit, with the earlier date receiving priority.

To apply for a rebate, or for more information, contact either the manager of your regional Labor and Industry office or the chief fire prevention officer in Montpelier. Their numbers are listed below:

Barre

Ph: 802-479-4434

Fax: 802-479-4446

Main Office - Montpelier

Chief Fire Prevention Officer

Ph: 802-828-2747

Fax: 802-828-2195

Rutland

Ph: 802-786-5867

Fax: 802-786-5872

Springfield

Ph: 802-885-8883

Fax: 802-885-8885

Williston

Ph: 802-879-2300

Fax: 802-879-2312

II. Project Eligibility: Check **Yes** or **No** and proceed as directed.

Is Building listed in the National Register of Historic Places and contributes to a district or is listed individually?

- Yes** - Proceed to **Adjusted Basis Test** below.
- No** - If No, Consult with the Vermont Division for Historic Preservation (802-828-3046) concerning eligibility of your building for the National Register, fill in who you contacted and when, and answer the eligibility question below.

Division contact name _____ Date _____

Is Building individually eligible for the National Register of Historic Places?

- Yes** – Proceed to **Adjusted Basis Test** below
- No** – Skip Adjusted Basis Test and proceed to **III. Documentation of Project Benefit** on the next page

Adjusted Basis Test: Complete this section **only** if you answered **Yes** to either question above. (*Adjusted Basis* is the dollar value of a building used for Federal tax depreciation purposes. Applicant must certify what the *adjusted basis* of the project building is prior to any demolition and construction. If building ownership has not changed, enter the *adjusted basis* last claimed for Federal tax purposes by the owner. If the building has just been purchased, consult with tax or legal professional as needed to determine the *adjusted basis* prior to construction that will be used to compute the final adjusted basis claimed by the owner for Federal tax purposes.)

1. **CERTIFIED ADJUSTED BASIS** of project building prior to any demolition and construction (or \$5,000, whichever is greater): \$ _____
2. **TOTAL REHABILITATION EXPENSES** related to your building incurred in previous two years and reasonably anticipated within the next two years, including demolition, construction, construction financing, fees, and other soft costs, but excluding site work and new exterior additions: \$ _____

If Line 1 is greater than line 2, proceed to III. Documentation of Project Benefit on the next page

If Line 2 is greater than line 1, YOUR PROJECT IS INELIGIBLE FOR THIS CREDIT. Please see instructions for the 10% Downtown Rehabilitation Credit for which you may be eligible.

III. Documentation of Project Benefit:

A. Project Description: Please attach a description and any plans and/or specifications of all rehabilitation work done in the two years previous to the proposed work and work to be done in the next two years sufficient for the local board to determine that the rehabilitation meets local standards and that the applicant-certified expenditures below will be incurred and appear reasonable. For code compliance work, attach Labor and Industry conditional letter of approval as evidence of compliance.

B. Private Investment: Since statute requires that the Vermont Downtown Board consider the amount of investment of individual Vermont taxpayers that has been committed to a project in evaluating the competitiveness of an application, you may wish to supply the following information:

- _____ Number of Vermont individual taxpayers investing in project
- \$ _____ Total amount of Vermont individual taxpayer investment
- \$ _____ Total project cost

C. Qualifying Expenditures: Please concisely identify the major work items and costs you will incur in each qualifying category below. You may list work items and enter one sum or provide costs for each item, provided the work to be done and its cost is clear from this listing and your project description. If this form does not provide enough room, you may attach your own listing with costs, provided it is broken down and totaled by the qualifying categories. Costs listed must be mutually exclusive among the categories. (You must not include the same cost in more than one category.) **Any costs incurred for work performed prior to the application being submitted to the Vermont Downtown Board are not eligible for this credit.**

1. **Access:** Project will bring the building into compliance with the Vermont accessibility law (Chapter 4 of Title 21) and the Americans with Disabilities Act.

Work Items	Cost

Total Qualified Costs for Access

2. **Code Compliance:** Work that will bring the building into compliance with building, electrical, plumbing, or life safety codes adopted by Labor & Industry.

Work Items	Cost

Total Qualified Costs for Code Compliance:

3. **Lead Paint Abatement:** Work that will abate or make safe lead paint conditions.

Work Items	Cost

Total Qualified Costs for Lead Paint Abatement

4. **Hazard Abatement:** Work that will abate any other substances hazardous to human health or safety.

Work Items	Cost

Total Qualified Costs for Hazard Abatement

5. **Contaminated Site Redevelopment:** Project involves participation in the redevelopment of contaminated sites program.

Work Items	Cost

Total Qualified Costs for Contaminated Site Redevelopment

6. **Façade Work:** Work that will rehabilitate a building façade that contributes to the integrity of the downtown development district.

Work Items	Cost

Total Qualified Costs for Façade Work

7. **New Space:** Work that creates new space within the existing building that at present could not be rented or occupied and which meets all Access, Code, Lead Paint and Hazard Abatement requirements.

Work Items	Cost

Total Qualified Costs for Creating New Space

8. **TOTAL QUALIFIED COSTS:** *Total Items 1-7 above.* _____

9. **TOTAL QUALIFIED COSTS YOU COMMIT TO SPEND:**
Amount can equal or be less than the amount on line 8. _____

10. **TAX CREDIT REQUESTED:**
Amount can be 25% of the amount on line 9, or less, up to a maximum of \$25,000. _____

IV. Municipal Review & Certification: This section is completed by municipality, not the applicant.

A. Project Eligibility:

1. Is the Project Building within the Designated Downtown District?
 Yes No
2. Does the Project meet Benefit (as defined in 32 V.S.A. §5930p(b)(2) including proof that the applicant's building plan has received conditional approval by the Department of Labor & Industry if required?
 Yes No
3. Do Qualified Expenditures for a 24-month period selected by the applicant exceed \$5,000?
 Yes No
4. If the building is listed in or individually eligible for the National Register of Historic Places, are total rehabilitation costs within any 24-month period less than the owner's adjusted basis for the building?
 Yes No N/A

If the answer to any question above is No, the project is not eligible for this credit and should not be forwarded to the Vermont Downtown Board.

B. Local Review Standards:

1. Is the Project Building listed in the National Register of Historic Places or the State Register of Historic Places?
 Yes No
2. If No to 1. above, go on to section C. If Yes to 1. above, does the proposed work conform with or meet review standards selected by the local board for review of these projects? Yes No
3. If Yes to 2. above, go on to section C. If No to 2. above, the project is not eligible for this credit and should not be forwarded to the Downtown Board..

C. Local Staff Recommendation (optional): Approval Denial

Comments

Print Authorized Staff Name

Signature

Date

D. Local Board Recommendation (required): Approval Denial

Comments

Print Chairperson's name

Signature

Date