BROWNSVILLE COMMUNITY IMPROVEMENT CORPORATION
AN ECONOMIC DEVELOPMENT CORPORATION

Historic Rehab Tax Credit Cheat Sheet

Federal and State tax credits can total up to 45% of rehab costs.*

Two separate tax credits support certified historic rehabilitation: a 20% federal tax credit and a 25% state tax credit. Projects that meet both programs' requirements may pursue both.

FEDERAL TAX CREDIT	20%
STATE TAX CREDIT	25%

*** 45% of costs eligible under both programs, when both credits are approved. THC encourages concurrent filing, but each credit is reviewed and approved separately.**

WHAT THAT LOOKS LIKE

Costs eligible under both programs	$400,000
Federal tax credit · 20%	$80,000
State tax credit · 25%	$100,000
Total credits	**$180,000**

Illustrative only. Only costs eligible under both programs support the full 45%. Acquisition, additions, furniture, parking, sidewalks, and landscaping generally do not count. Have a tax CPA confirm both calculations.

The federal tax credit offsets **federal income tax**, allocated in five equal annual installments beginning in the tax year the building is placed in service; **not transferable**.

The state tax credit offsets **franchise or insurance premium tax**. Once established with the Comptroller, it may be used, sold, or assigned.

Both programs certify the **historic building and the rehabilitation work**. Submit early. Work begun before review is at the owner's risk.

HOLD FIRST Before demolition or alteration, contact the Texas Historical Commission (THC) and the City, submit the proposed scope, and photograph every elevation, key interior, and work area. Federal review proceeds through THC to the National Park Service (NPS). **Do not begin regulated work until any required City Certificate of Appropriateness (COA) and permits are issued.** Work done before approval can cost you part or all of the credit.

THE OWNER'S CHECKLIST

- [ ] **1 It's listed, or may qualify**
  Federal tax credit: National Register listed, individually or as a contributing building in a National Register Historic District (NRHD).
  State tax credit: also a Recorded Texas Historic Landmark or State Antiquities Landmark.
  Not listed yet? Federal Part 1 can request a Determination of Eligibility (DOE). State Part A requests an Evaluation of Significance, but listing must be final before the credit is certified.
- [ ] **2 Its use qualifies**
  Federal tax credit: depreciable business or income-producing use. In mixed-use buildings, only the qualifying business portion may count.
  State tax credit: also open to qualifying tax-exempt owners, including nonprofits. **A purely owner-occupied home does not qualify.**
- [ ] **3 The rehab is big enough**
  Federal tax credit: Qualified Rehabilitation Expenditures (QREs) must exceed the greater of **$5,000 or adjusted basis** within a 24-month window (60 months if phased).
  State tax credit: eligible costs must exceed **$5,000**.
- [ ] **4 Physical work hasn't started**
  No demolition, removal, cleaning, installation, or alteration has begun. If work is already underway, stop and call before continuing. The project may still qualify, but prior work may be at risk.
- [ ] **5 You'll follow the Standards**
  The team follows the Secretary of the Interior's Standards, documents the work, and contacts THC before material or unapproved scope changes. Submit an amendment when required.
- [ ] **6 Your team is lined up**
  You have a CPA who understands adjusted basis and eligible costs, and a design team that will work with THC, NPS, and the City from day one.

✓ **All six checked?** Ask THC which credits apply. If both do, submit separate federal and state applications concurrently through the Texas Tax Credit Portal — one shared set of photos, maps, and plans may serve both.

? **A box you can't check?** Hold off on spending and call — the numbers are at the bottom of this page. Eligibility, designation, and review timing vary by project.

THE PATH: FOUR STOPS, REVIEW BEFORE WORK

Federal and state forms run in parallel

1 Prove eligibility
BEFORE RELYING ON THE CREDIT

Establish with THC that the building qualifies. Until THC approves this part, don't build the budget around the credit. A preservation consultant can assist you in preparing this part and coordinating the rest of the process.

Federal `HPCA Part 1` State `THPTC Part A`

2 Approve the scope
BEFORE ANY WORK STARTS

Submit the full proposed scope and a detailed budget to THC, and get its written approval before rehabilitation begins. Work started before approval puts the credit at risk.

Federal `HPCA Part 2` State `THPTC Part B`

3 Build as approved
DURING CONSTRUCTION

Keep cost records and progress photos. Contact THC before a material or unapproved scope change, and submit an amendment when required.

`Amendments as needed`

4 Certify and claim
AFTER COMPLETION

Submit your final photos and finish completion documents.
Federal tax credit: claim over five years from the placed-in-service year.
State tax credit: after Part C approval, send THC's certificate, **Form AP-235**, and a CPA-audited cost report to the Comptroller. **Form 05-901** establishes the credit.

Federal `HPCA Part 3` State `THPTC Part C`

CITY TRACK · RUNS ALONGSIDE

Brownsville review is separate. For work subject to the Historic Preservation (HP) Overlay, obtain any required Certificate of Appropriateness (COA) before related permits, then complete inspections and closeout. If you are seeking credits, the COA will require THC Part 2 / Part B approval before work begins. City approval and credit approval are separate; neither replaces the other.

YOUR FIRST CALLS, IN ORDER

1 · CITY OF BROWNSVILLE · PLANNING & REDEVELOPMENT SERVICES
Historic Preservation Office · Juan Vélez
956-548-6142
juan.velez@brownsvilletx.gov
District status, COA, permits · 1034 E. Levee St., 2nd Floor

2 · TEXAS HISTORICAL COMMISSION · TAX CREDITS
Tax credits + State Historic Preservation Office (SHPO)
512-475-0129
historictaxcredits@thc.texas.gov
Texas Tax Credit Portal

3 · TAX ADVISOR / CPA
Your own professional
Adjusted basis, QREs, ownership structure, mixed-use allocation, the five-year claim, sale or transfer, recapture risk.

KEEP ON FILE · IF FEDERAL QUESTIONS ARISE
National Park Service · Technical Preservation Services
202-354-2060
NPS_TPS@nps.gov · nps.gov/tps

GLOSSARY

`COA` **Certificate of Appropriateness**, City approval for covered work in the HP Overlay, required before related permits are issued.
`Adjusted basis` roughly the building's purchase price excluding land, plus capital improvements, minus depreciation.
`THPTC` **Texas Historic Preservation Tax Credit**, the state three-part application (Parts A–C), filed with THC.
`QRE` **Qualified Rehabilitation Expenditure**, a project cost that can count toward the credit.
`HPCA` **Historic Preservation Certification Application**, the federal three-part form (Parts 1–3), filed through THC to NPS.
`Form 05-901` the Comptroller's Historic Structure Credit Certificate.

Sources: Texas Historical Commission · National Park Service · Internal Revenue Service · Texas Comptroller · City of Brownsville. Current as of September 2026.

INFORMATIONAL ONLY Not tax, legal, architectural, eligibility, or permitting advice. Confirm requirements with THC, NPS, the Texas Comptroller, the City of Brownsville, and the owner's tax advisor.