



Minnesota Historic Structure Rehabilitation
Tax Credit Application

INSTRUCTIONS

Minnesota Part B Application Request for Certification of State Credit

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Minnesota State Credit

The Minnesota Historic Structure Rehabilitation Tax Credit has been reinstated by the Minnesota Legislature beginning July 1, 2023 and expiring after June 30, 2030. Effective July 1, 2023, historic structure rehabilitation projects in Minnesota that qualify for the Federal Historic Preservation 20% Tax Credit also qualify for the Minnesota Historic Structure Rehabilitation State Tax Credit equal to the federal tax credit. [Laws of Minnesota, 2023, Chapter 64, Article 1, Section 39] In order to be eligible for the Minnesota credit, **federal applicants must apply to the State Historic Preservation Office (SHPO) before the rehabilitation work begins.** To receive a state credit, the project must meet the National Park Service and IRS requirements to receive the federal tax credit. Applicants may elect to receive a grant in lieu of credit equal to 90% of the federal tax credit.

Minnesota State Credit Contacts

Architectural review and the application process:

Natascha Wiener, Historical Architect
natascha.wiener@state.mn.us
 651-201-3294

Catherine Sandlund, Project Design Reviewer
catherine.sandlund@state.mn.us
 651-201-3295

Historic property eligibility:

Ginny Way, National Register Architectural Historian
ginny.way@state.mn.us
 651-201-3293

Administration of the tax credit program by MN SHPO:

Amy Spong, Deputy SHPO
amy.spong@state.mn.us
 651-201-3288

Administration of the tax credit program by the MN Department of Revenue:

Corps, SCorps, & Partnerships: Corporate Technical Advisor
 651-556-3075
businessincome.tax@state.mn.us

Individuals: Tax Policy Lead
 651-296-3781
individual.incometax@state.mn.us

Insurance: Insurance Unit
 651-556-3024
insurance.taxes@state.mn.us

Minnesota Application Types

- **Minnesota Part A** application must be submitted with a complete federal [Part 2-Description of Rehabilitation](#)
- **Minnesota Part B** must be submitted with federal [Part 3-Request for Certification of Completed Work](#)
- ~~**Minnesota Amendment**~~ **

Resources

For additional assistance with compiling a successful application view [Tip-sheets & FAQs](#) for guidance.

Minnesota Application Fees

Nonrefundable application fees are charged for the *Minnesota Part A and Minnesota Part B*. Projects are invoiced upon receipt of the application. Projects with pre-June 30, 2022 Allocation Certificates must use the [sunset program fees](#). The application fee structure for all other projects is as follows:

Qualified Rehabilitation Expenses (QREs)	Part A*	Part B*
\$500,000 or less	\$0	QRE x .10%
\$500,001 - \$2,500,000	\$500	(QRE x .20%) - \$500
\$2,500,001 - \$5,000,000	\$1,500	(QRE x .35%) - \$1,500
\$5,000,001 - \$8,000,000	\$3,000	(QRE x .50%) - \$3,000
\$8,000,001 and over	\$5,000	\$35,000

* A+B fees will not exceed \$40,000

** *Minnesota Amendment* forms are not in use.

Completing the *Minnesota Part B*

The *Minnesota Part B* application must be submitted with the federal *Part 3-Request for Certification of Completed Work*.

Historic Property

Enter the property's historic name, address, county, and Property ID number (PID). PIDs can be found on your property tax records. This should match the *Minnesota Part A* information.

NPS Project Number

Enter the National Park Service (NPS) project number.

Project Information

LINE 1: Did this project receive other federal or state licensing, grants, funding, financing, or permitting?

The MN SHPO reviews and consults on federal projects pursuant to Section 106 of the National Historic Preservation Act, as well as state projects pursuant to the Minnesota Historic Sites Act and other state laws. If the rehabilitation project will receive any of these forms of assistance or approval, check "yes" and provide our office with the federal or state agency and a brief description of the agency involvement. See the [SHPO Environmental review website](#) for more information about the 106 process.

LINE 2: Building Code Occupancy Classifications and Total Square Footage (s.f.)

Indicate the occupancy classification designation(s) that represent the primary purpose(s) of the building, structure or parts of the building and the total square footage allocated to each use. See [MN Building Codes](#) for more information.

LINE 3: Project interested in sharing data related to carbon mitigation AND/OR Project received a green building certification, such as LEED

Check yes or no to indicate the project's interest in participating in a study to define the carbon mitigation benefits of reusing an existing building. Your project will be asked to share specific

information regarding material quantities and other material-based items. Check yes or no if the project plans to pursue green building certification.

LINE 4: Woman or Minority or Veteran Owned Applicant (optional) AND/OR Project utilized Woman, Minority, or Veteran Owned Business

Optional questions. Select the box next to the statement if it is applicable. Answering this question will aid the MN SHPO in conducting a thorough analysis of the program's impacts.

LINE 5: Federal credit allowed to Project

Enter the actual federal credit allowed at 20% of the final QREs. The amount entered here must match the dollar amount reported by the CPA or included on the federally filed return.

Line 6: Final Qualified Rehabilitation Expenditures (QRE)

Enter the dollar amount of the actual final QRE project costs that met the definition in Section 47 of the Internal Revenue Code. See the [IRS publication on QRES](#) for more information.

The amount entered here should match the amount of "Actual QREs" provided on the QRE schedule and the "Estimated rehabilitation costs (QRE)" entered on the federal *Part 3-Request for Certification of Completed Work*. Although the federal Part 3 references "estimated" costs, for the purposes of the state application, actual costs must be used.

Line 7: Final Non-Qualified Expenditures (non-QRE)

Costs attributed to other work associated with the rehabilitation, including additions, site work, parking lots, or landscaping. Enter the dollar amount of the actual project costs that have *not* met the definition of a QRE under Section 47 of the Internal Revenue Code. The amount entered here should match the amount of "Non-qualified Expenditures" provided on the QRE schedule.

LINE 8: Total final project costs (QRE plus non-QRE)

Enter the total dollar amount of the project costs (i.e., QREs + non-QREs) which should equal Line 6 + Line 7. The amount entered here should match the “Total Actual Project Costs” provided on the QRE schedule and the “Total estimated costs (QRE plus non-QRE)” entered on the federal *Part 3-Request for Certification of Completed Work*.

LINE 9: Actual cost of materials

Enter the amount of the Total Actual Project Costs spent on materials.

LINE 10: Actual cost of labor

Enter the amount of the Total Actual Project Costs spent on labor (construction and consultants).

LINE 11: Actual number of jobs created during rehabilitation

Enter the number of full-time equivalents (FTEs) employed during the rehabilitation. This information can be obtained from project contractor(s) and/or consultant(s).

LINE 12: Date of allocation certificate

Enter the date the project Allocation Certificate was signed.

LINE 13: Project construction start date

Enter the date construction began on the project.

Note: This date must be after the date the Minnesota Part A application was submitted to SHPO because state law requires developers of a project to apply before the rehabilitation begins. If SHPO has any question about whether work began prior to application, additional information confirming when construction began will be requested. The date entered here must be same as the “Project starting date” entered on the federal Part 3-Request for Certification of Completed Work.

LINE 14: Date building was placed in service

Enter the date the project was placed in service. The date entered here must be same as the “Project completed and building placed in service date” entered on the federal *Part 3-Request for Certification of Completed Work*.

A property is considered "placed in service" when it is ready for a specific function. For a building, this occurs when the appropriate work is completed for occupancy of either the entire or some identifiable portion of the building (see federal Treasury Regulation § 1.46-3(d)).

LINE 15: Pre-rehabilitation Adjusted Basis:

The value of rehabilitation must exceed the pre-rehabilitation value of the building. Generally, this test must be met within two years or within five years for a project completed in multiple phases. See [IRS FAQs](#).

Certification of Financial Documentation**LINE 16: Preparer's Name (if applicable):**

If someone other than the applicant, such as a consultant or CPA, has prepared this document provide the requested information.

LINE 17: Select financial documentation submitted

Applicants must submit either an Agreed-Upon Procedures Report (AUP), an Independent Auditor's Report, a tax advice letter, or copies of the applicant's accepted federal tax return forms*. See below for additional information on these options.

** If the cost of contracting for services with a CPA is prohibitive, applicants may want to consider the option of submitting copies of their accepted federal tax return forms. When selecting this option, submit the Minnesota Part B application and federal Part 3 together. Part B approval will be held until MN SHPO receives proof of the federal tax return acceptance. Please note that this option may delay issuance of the credit due to timing of the requirements.*

The MN SHPO reserves the right to request an audit of expenditures.

Submit one of the following options with this application:

1. Agreed-Upon Procedures Report:

An Agreed-Upon Procedures (AUP) will be conducted for projects. The CPA's resulting AUP report, which contains the procedures noted in the *"Example Report of Independent Accountant on Applying the Minnesota State Rehabilitation Tax Credit Agreed-Upon Procedures"*, is submitted with a complete *Minnesota Part B* and complete federal *Part 3-Request for Certification of Completed Work* application. The provided template is not required to be used, but an AUP report must contain all the procedures in the template.

2. Independent Auditor's Report:

Examination of the project costs by an independent CPA is required to provide assurance that the expenses meet the requirements of the Program and are eligible for the tax credit. The CPA's resulting Audit report, which includes a QRE schedule, the adjusted basis of the project, and if applicable, examination of the Part B list of credit recipients "Credit Recipient List" for eligibility, is submitted with the State Minnesota Part B and the federal *Part 3-Request for Certification of Completed Work* application. Any unpaid or deferred expenses, and the terms for their repayment, as well as any related parties among owner, developer, and service providers will be disclosed in notes to the audit report. See *"Example Audit Report."* The provided template is not required to be used, but the report must provide an opinion on the QRE schedule, the adjusted basis, and if applicable, the list of credit recipients.

Only active and independent CPAs working for firms that successfully undergo the peer review process every three years may issue an AUP or Audit report to be used with the Minnesota Historic Structure Rehabilitation Tax Credit.

3. Tax Advice Letter:

A tax advice letter signed by an active and independent CPA must state the final credit amount and adjusted basis of the project, have an attached QRE schedule, and if applicable, attach a list of individuals and the amounts to be issued for a tax credit certificate or a grant-in-lieu-of-credit that corresponds with the organizational documents.

4. A copy of the federally filed Form 3468 and page 1 of the relating taxpayer's federal form (i.e., 1120, 1065, etc.) AND a copy of their Federal Acceptance Letter:

The return copies must be signed and match the versions filed with the Internal Revenue Service. Applicants must submit a copy of their Federal Acceptance Letter as evidence that the return was accepted by the IRS.

LINE 18: Qualified Rehabilitation Expenditures (QRE) Schedule for Actual Costs of Rehabilitation:

Complete the included QRE Schedule with the final expenses outlined. Document the Substantial Rehabilitation Test for the Purposes of the Minnesota Historic Structure Rehabilitation Tax Credit.

The QRE schedule is a table of expenses organized by division of construction (e.g., thermal and moisture protection, doors and windows, mechanical, electrical, etc.) or type of expense. Items not fitting into a division of construction can be outlined on the detail page.

See the [IRS FAQ](#) for additional information regarding QREs and non-qualified expenditures, along with

information on determining the adjusted cost basis and meeting the substantial rehabilitation test.

CREDIT RECIPIENT LIST

LINE 19: Is the credit recipient different than the applicant listed above?

Check the box for yes or no. For yes, provide organizational documents* with this application.

LINE 20: Is there more than one credit recipient for this project?

Check the box for yes or no. For yes, provide organizational documents* with this application.

* **Organizational Documents, if applicable:**

Submit organizational documents if the individuals or entities designated to receive a Minnesota tax credit certificate are not the owners designated in the federal Part 3-Request for Certification of Completed Work, the recipient is different than the applicant, or there is more than one credit recipient. Organizational documents are needed to verify the individuals or entities are allowed a federal credit.

Attach organizational documents or any other executed agreement illustrating that all credit recipients listed are part of the property's ownership structure and are to receive the state tax credit either pro rata, based on their share of the entity's assets, or specially allocated in their organizational documents or any other executed agreement, as of the last day of the taxable year. The documents must quantify the percentage of credit allocated to each recipient.

LINE 21: List of individuals to be issued a tax credit certificate or a grant-in-lieu-of-credit (GILOC):

List each individual or entity to receive either a Minnesota tax credit certificate or a GILOC. If both tax credit certificates and GILOCs are to be issued on a single project, list individuals receiving tax credit certificates first, followed by individuals receiving GILOCs. If a taxpayer involved in the federal project is

not entitled to a state tax credit or GILOC, do not list them. If additional boxes are necessary, use the *Minnesota Part B – Credit Recipient List Continuation Form*. Number them sequentially and provide the requested information.

For each individual or entity receiving a tax credit certificate: Fill out a box on the Part B application noting the name, address, Social Security or Federal Tax ID Number, and telephone number. In the right-hand side of the box, enter the actual percentage of property ownership (as it pertains to the federal credit) and the percentage of state credit designated for the individual or entity based on the organizational documents. In some cases, these will not be the same percentage. The tax credit will be issued to the individual(s) or entity(s) listed in this section based upon the provided name and identification number within the application. Select the "tax credit certificate" box and enter the actual amount of state credit to be issued. For example, if an individual is to receive 50% of the \$1,000,000 Minnesota tax credit, enter "\$500,000." Tax credit certificates will be mailed USPS Certified Mail, delivered during regular delivery hours, with a signature required at the address listed on the form—unless the applicant contacts MN SHPO and specifies otherwise. Delivery is dependent on the local mail service and date of delivery cannot be guaranteed.

Note: Individuals and entities designated to receive a state tax credit certificate MUST be allowed a federal tax credit for the project. If the taxpayers designated on the Part B to receive a tax credit certificate do not match the owners designated on the federal "Part 3-Request for Certification of Completed Work" application, submit the organizational documents of the federal entity as of the last day of the taxable year showing taxpayers designated on the Part B having ownership interest in the entities designated on the Part 3. Please highlight the organizational document to facilitate review.

For each individual or entity receiving a Grant-in-lieu-of-credit: Fill out a box on the Part B application noting the name, address, Social Security or Federal Tax ID Number, and telephone number. In the right-hand side of the box, enter the actual percentage of property ownership (as it pertains to the federal credit) and the percentage of allowable state credit designated for the individual or entity. For the purposes of the GILOC, the ownership percentage as it pertains to the federal credit is often 0%. Select the "Grant-in-lieu-of-credit" box and enter the actual amount of the GILOC to be issued, with the understanding that a GILOC is 90% of the state tax credit allowed. For example, if an individual is to receive 50% of the allowable \$1,000,000 tax credit as a GILOC, the amount would be \$450,000 ($\$1,000,000 \times 0.50 \times 0.90 = \$450,000$).

Note: The owner and/or developer and the GILOC recipient will need to sign a Grant Agreement and/or Letter of Agreement Governing Use of the Historic Property. This process will be initiated after the Part 3 has been approved by the NPS.

APPLICANT (Authorized Signature)

Enter the name and title of the Applicant of the property or the individual legally authorized to sign on behalf of an ownership entity. This should match the Applicant information on federal *Part 3-Request for Certification of Completed Work*.

Authorized signatures:

Under Minnesota Statutes Section 325L.09(b), an e-signature should be attributable to the person intending to sign the document. MNSHPO will accept e-signatures that have been authenticated by a third-party digital software, such as DocuSign and Adobe Sign, when it includes the date and time of the signature, an authentication code, and is attributable to the person intending to sign the document.

MNSHPO can accept scans of handwritten wet signatures on the State application forms.

MNSHPO may reject e-signatures that cannot be authenticated.

See the following table for a list of e-signatures that are and are not accepted.

TYPES OF E-SIGNATURE	ACCEPTED	NOT ACCEPTED
DocuSign	X	
Adobe Sign	X	
Handwritten Signatures on Scanned Documents	X	
Image of a Signature that has been Copied onto a Document		X
Typed Signature Using a Cursive or Calligraphy Font		X
"/s/" Followed by a Typed Name		X

Application Fee Invoicing

Nonrefundable application fees are charged for the *Minnesota Part A and Minnesota Part B*. Projects are invoiced upon receipt of the application. The application fee structure is as follows:

Qualified Rehabilitation Expenses (QREs)	Part A*	Part B*
\$500,000 or less	\$0	QRE x .10%
\$500,001 - \$2,500,000	\$500	(QRE x .20%) - \$500
\$2,500,001 - \$5,000,000	\$1,500	(QRE x .35%) - \$1,500
\$5,000,001 - \$8,000,000	\$3,000	(QRE x .50%) - \$3,000
\$8,000,001 and over	\$5,000	\$35,000

* A+B fees will not exceed \$40,000

Note: The federal review fee is separate from the Minnesota Application Fee. SHPO cannot accept payment for federal review; [follow the online instructions for payment](#).

Submitting a Completed *Minnesota Part B*

Minnesota Part B application must be submitted with federal *Part 3-Description of Rehabilitation* application.

Save the PDF file of the *Minnesota Part B* separately from the Federal *Part 3- Request for Certification of Completed Work*.

The MN SHPO currently requires all Historic Tax Credit Application materials be submitted electronically through the MN SHPO FTP site.

1. Email HistoricTaxSHPO@state.mn.us to request a file sharing folder(s), include the:
 - a. Historic building name and the NPS project number (if already assigned).
 - b. Type of applications being submitted: federal *Part 3-Request for Certification of Completed Work* and *Minnesota Part B*
2. MN SHPO will share a link to the FTP site (ShareFile) for PDF application uploads.
3. When all the documents have been uploaded, email HistoricTaxSHPO@state.mn.us that the application is uploaded and staff may begin a check for completeness:
 - a. applications will not be accepted and logged in until SHPO has received an email confirmation that the application is fully uploaded
 - b. all applicable parts of the form(s) must be completed in order have applications forwarded onto a content reviewer

After SHPO completes the application review, the project contact will be given further instruction. MN SHPO response could be a request for missing information, a request for more information, or a notification that we have completed the SHPO review.

Please note:

- Do not send documents through email or in a different file sharing format, as the State cannot accept them
- Do not mail hard copies of the application to SHPO
- Do not mail state application fees until an invoice is received

Issuance of the Credit Certificate(s)

The SHPO will issue a credit certificate or a grant-in-lieu-of-credit after the following qualifications are met:

- Construction work must be finished prior to submitting a federal Part 3 and Minnesota Part B to SHPO
- a complete *Minnesota Part B application* and all required supporting Part B materials, including fees, have been received and approved by MN SHPO
- the project has been placed in service (as documented in the federal tax credit *Part 3-Request for Certification of Completed Work* application)
- National Park Service has certified the Federal Part 3 application and a signed copy has been received by SHPO
- the property is listed in the National Register of Historic Places
- the project was completed within three (3) calendar years following the issuance of the Allocation Certificate

Applicants receiving a grant-in-lieu-of-credit must enter into a formal grant agreement and a five-year letter of agreement requiring any proposed changes to the property be reviewed by SHPO.

END OF INSTRUCTIONS