Local Tax Incentive Programs for Historic Preservation
INCENTIVES USED BY CLGs

Does the CLG offer any local incentives to support historic preservation projects?

- Asbestos Abatement
- Waiver of Permit Fees
- Sign Grants
- Fire Safety Improvement Grants
- Life Safety Grants
DEFINITIONS

Ad Valorem- “according to value”; also known as **property taxes**

Property Tax Exemptions- “...a partial exemption removes a percentage or a fixed dollar amount of a property’s value from taxation.” [comptroller.texas.gov]

Property Tax Abatements- “A local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a period not to exceed 10 years.” [comptroller.texas.gov]

Tax Freeze- Tax Ceiling [comptroller.texas.gov]; however, sometimes the term “freeze” is used when describing exemptions and abatements
Texas Tax Code 11.24

To qualify for the historic or archaeological site exemption, a structure must be designated a historic building or archeological site and the taxing unit must vote to grant an exemption. The structure must be designated as a Recoded Texas Historic Landmark by the THC or the taxing unit must designate it as historically significant and in need of tax relief. The taxing unit decides the amount of the exemption.

Texas Tax Code Chapter 312

Legislation does not mention historic properties specifically.

Tax abatements are an economic development tool available to cities, counties, and special districts to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions. (comptroller.texas.gov)
INCENTIVES USED BY CLGs

Tax incentives for **Rehabilitation**
A tool to incentivize property owners to undertake a quality rehabilitation by reducing property tax liability, typically for a set amount of time.

Tax incentives for **Maintenance**
A tool to incentivize property owners to properly maintain their property by reducing property tax liability. Typically, property owners must re-apply each year.
THE BENEFITS

Why are tax exemptions and abatements effective?

- Extends the life of the building
- Encourages quality design
- Proactive vs. reactive
- Ability to target endangered areas
- Doesn’t require city investment upfront
- Will eventually increase city revenues
- Sends the right message
BEST PRACTICES

Galveston

Waxahachie

Plano