

State Residential Historic Tax Credit Update



The **State Residential Historic Tax Credit** is an adjusted gross income tax credit for the rehabilitation of a historic resource that functions as the owner's primary residence where overall costs of the rehabilitation work meet or exceed \$10,000. To qualify for the credit, the property must be individually listed in the Indiana Register of Historic Sites and Structures or be a contributing resource within a listed district. All properties listed on the National Register of Historic Places are also included in the Indiana Register of Historic Sites and Structures. Qualified work must comply with the Secretary of the Interior's Standards for the Rehabilitation of Historic Properties. An owner has two years to complete work on a single phased project or five years to complete the work if the initial application indicates that the work will be completed in phases.



Above and Left: Residential property in LaPorte County that used the tax credits to replicate shutters based on remaining deteriorated historic shutters found on the property.

In 2025, the DHPA worked with the staff of the Indiana Department of Revenue on legislation to revise the Residential Historic Tax Credit. The goals for this revision were to clear the backlog of certified credits that had been accumulating since 2020 and protect the viability of the program going forward. Furthermore, we wanted to make sure that as many homeowners as possible were able to use the program each year.

Prior to these updates the program had acquired a backlog of certifications. Homeowners applying for the credit on work completed in 2025 would have had to wait seven years to be able to claim the credit on their taxes. Between 2020 and 2024 the average number of projects certified per fiscal year of the credit was 16.

With the recent revisions to the program, DHPA is addressing these issues in a few ways, both through changes to the legislation as well as updates to the form to clarify eligibility requirements. The primary legislative change was to create a cap on the certification of individual credits of the lesser of \$10,000 or 20% of the qualified expenses. This change will impact a small percentage of projects but will have a major impact on the number of projects that can be certified each fiscal year. From July 1 through September 2025, DHPA has already been able to certify fifteen projects, allocating approximately 44% of the available \$250,000 in annual program funds.

The updated legislation also included language to clear the backlog of certifications that had accumulated, allowing anyone who had received a certification prior to March 10, 2025, to start claiming their credit (regardless of the initial fiscal year assignment) on their 2025 taxes. If you have a prior certification that falls under this update you should have received an updated letter in the mail from our office. If you have not, please reach out using the e-mail below and include the property address where the project took place.

Applications will now be processed up until the program funding for the year has been allocated and then will close until the start of the next state fiscal year on July 1. Please be aware that completion of the work must take place in the taxable year in which the applicant files for final certification. The form has been updated to reflect this clarification in Box 9 where applicants must now enter the date that all work on the project was completed. It is important to note that taxable year is the same as the calendar year, which differs from the program allocation that runs on the state fiscal year (July – June).

More information on the program along with the application can be found on our website (dnr.IN.gov/historic-preservation/financial-assistance/residential-tax-credit/).

Questions regarding the program can be directed to DHPAtaxcredits@dnr.IN.gov.



Top: Residential property in Marion County that used the tax credits on a roof replacement

Bottom: Residential property in Clark County that used the tax credits on a roof replacement.