

STATE HISTORIC PRESERVATION PROPERTY TAX MORATORIUM OVERVIEW

The South Dakota Legislature has provided for certain property tax benefits for the rehabilitation of historic structures in SDCL 1-19A-20. If a historic building qualifies for the tax benefit, an eight-year moratorium is placed on the property tax assessment of certified improvements. Property tax assessments may not be increased due to certified rehabilitation of the building for the eight-year period. For smaller projects, we recommend contacting your county equalization office to determine how your proposed project will affect your assessed property values.

The State Property Tax Moratorium may be utilized by the owner of any certified historic structure, including private residences. To be eligible for the program, the property must meet the following criteria:

1. Listed on the State or National Register of Historic Places individually or as a contributing resource in a historic district;
2. Rehabilitated according to the Secretary of the Interior's "Standards for Rehabilitation";
3. Certified for tax exemption by the South Dakota State Historical Society Board of Trustees;
4. Encumbered with a covenant attached to the deed of the property for the life of the moratorium guaranteeing the continued maintenance and protection of the building's historic features for the life of the moratorium.

Application for certification is made by the property owner, who submits a completed application form and supporting documents to the State Historical Society, State Historic Preservation Office (SHPO) for every year that work is undertaken. The Restoration Specialist at the SHPO reviews the application and supporting documentation and any potentially controversial items are discussed with the owner.

Although formal application for certification is made after work on the building is completed, **it is strongly suggested that the owner/developer/contractor submit plans and specifications for a proposed project to the SHPO prior to beginning work.** The Restoration Specialist can review the proposed rehabilitation and assist owners to interpret the Secretary's "Standards". Prior to beginning work, non-conforming portions of a plan can be discussed by the owner and SHPO staff in order to bring about conformance. It can be costly and difficult (sometimes impossible) to correct work that is not in conformance with the "Standards" after work has begun.

For smaller projects, it is recommended that you contact your county equalization office prior to submitting an application to determine how your proposed project will affect your assessed property values.

Once the application is received, it is reviewed by the SHPO staff and a commendation is made to the Board of Trustees, who makes the final determination of certification based on whether the work meets the Secretary of the Interior's "Standards for Rehabilitation." If the Board issues a certificate of eligibility for the moratorium, the owner must file the covenant with the Register of Deeds in the county in which the property is located **before** the SHPO sends the appropriate paperwork to the Director of Equalization to activate the moratorium. The property tax assessment of certified rehabilitation work is frozen as of January 1 of the year in which the certification is granted and carries forward for a total of eight years.

IMPORTANT POINTS:

Certification is granted or denied by the Board of Trustees based on the Secretary of the Interior's "Standards for Rehabilitation", which have been adopted by the Board. Their determination is based on the descriptions in the application and on the photographs submitted.

Applications must be submitted the year that the work is undertaken. Work undertaken in subsequent calendar years must be submitted in separate application in those years. Work undertaken in previous calendar years is not eligible.

Any rehabilitation work on the building that is completed after official certification is granted by the Board of Trustees will not receive the moratorium unless a new application is made the following year for the additional work. **If rehabilitation cannot be completed in single year, the owner should develop a plan that divides the work into separate and distinct phases that can be certified as they are undertaken.**

Before and after photographs of the work undertaken and one photograph of the front of the building are required with the application. Photos should be submitted in digital format on CD-ROM.

All tax certification applications submitted to the SHPO during any calendar year will be formally reviewed in December of the year they are received. Applications should be submitted no later than **November 1** to allow sufficient time for the application to be reviewed prior to the Board meeting. The SHPO reserves the right to refuse late applications.

Nominations for listing the property on the State or National Register of Historic Places must also be received no later than October 1 of the year the application is submitted.

The State Property Tax Moratorium is independent of and separate from any Federal tax benefits.

OWNER'S RESPONSIBILITIES:

In order for the property to retain its tax benefits, the owner must guarantee the public some benefit for the loss in tax revenue. This guarantee is in the form of a covenant, which binds the owner to the following:

1. The owner must maintain the property in good order and make alterations in a manner that conforms to restoration and rehabilitation standards, as deemed by the State, for an eight-year period.
2. The owner must allow the public to view those portions of the project approved as tax-exempt work for at least twelve hours a year.
3. The owner must adequately insure the building against fire and, if necessary, flood.

For more information, please contact:

Paul Porter, Restoration Specialist
SD State Historic Preservation Office
900 Governors Drive
Pierre, SD 57501-2217
Phone: (605) 773-6005
Fax: (605) 773-6041
Email: paul.porter@state.sd.us
Website: history.sd.gov/preservation

SOUTH DAKOTA STATE HISTORICAL SOCIETY
STATE HISTORIC PRESERVATION OFFICE

STATE PROPERTY TAX MORATORIUM APPLICATION

Please attach application fee made out to SDSHS and submit by November 1.

Attn: Property Tax Moratorium Review
SD State Historic Preservation Office
900 Governors Drive
Pierre SD 57501

Fee schedule:
\$25 for Expenses under \$4,000
\$50 for Expenses over \$4,000

Instructions: Review the application carefully before completing. Application must be submitted the year that the work is completed. One photograph of the front of the building is required with the application. Before and after photographs are necessary for submittal with the application. No certifications will be made unless a completed application form has been received. Type or print clearly in black ink. If additional space is needed, attach blank sheets as needed. The decision by the State Historical Society Board of Trustees with respect to certification is made on the basis of the descriptions and photographs submitted.

1. Name of Property: _____

Street Address of Property: _____

City _____ County _____ State _____ Zip _____

Listed individually in the State or National Register of Historic Places

Located in a National Registered Historic District; specify: _____

The building must be contributing to historic district (If not, then the moratorium is not available.)

2. Is this project also being considered for federal tax credits? yes no

Current use(s) of building: _____ Proposed use(s) of building: _____

Project start date (est.): _____ Completion date (est.): _____

Estimated cost of 2004~~02~~ rehabilitation: _____ Estimated total cost of rehabilitation: _____

If project will not be completed this year, this application covers phase number _____ of _____ phases.

3. Project contact (if different from owner):

Name _____

Mailing Address: _____

City _____ State _____ Zip _____ Daytime Telephone Number _____

Email _____

4. Owner:

I hereby attest that the information I have provided is, to the best of my knowledge, correct, and that I own the property described above. I understand that falsification of factual representations in this application may be subject to criminal sanctions as allowed by State law.

Name _____ Signature _____ Date _____

Organization _____

Mailing Address _____

City _____ State _____ Zip _____ Daytime Telephone Number _____

Email _____

STATE PROPERTY TAX MORATORIUM APPLICATION

Property Name _____

SHPO Office Use Only

Project Number: _____

Property Address _____

5. DETAILED DESCRIPTION OF REHABILITATION / PRESERVATION WORK – Includes site work, new construction, alterations. Complete blocks below.

EXAMPLE

Before

Completed Work

Number 1A	Architectural feature <u>Façade Brick</u>	Describe work:
	Approximate Date of feature <u>c. 1880</u>	
Describe existing feature and its condition: Hard pressed brick with thin joints in good condition. Mortar mostly sound, but deteriorated and missing around downspout at east end of façade. Some graffiti at first floor.		Will selectively hand clean deteriorated joints and repoint with mortar and joint width to match existing (see spec. pp. 33-35); chemically clean graffiti from first floor piers (see spec. pp. 30-31).
Photo no. <u>1</u>	Drawing no <u>1</u>	Photo no. <u>2</u> Drawing no _____

Number 1	Architectural feature _____	Describe work and impact on existing feature:
	Approximate Date of feature _____	
Describe existing feature and its condition:		
Photo no. _____	Drawing no _____	Photo no. _____ Drawing no _____

Number 2	Architectural feature _____	Describe work and impact on existing feature:
	Approximate Date of feature _____	
Describe existing feature and its condition:		
Photo no. _____	Drawing no _____	Photo no. _____ Drawing no _____

Number 3	Architectural feature _____	Describe work and impact on existing feature:
	Approximate Date of feature _____	
Describe existing feature and its condition:		
Photo no. _____	Drawing no _____	Photo no. _____ Drawing no _____

State Property Tax Moratorium

Property Name _____

SHPO Office Use Only

Project Number: _____

Property Address _____

Before

Completed Work

Number 8	Architectural feature _____ Approximate Date of feature _____ Describe existing feature and its condition: Photo no. _____ Drawing no _____	Describe work and impact on existing feature: Photo no. _____ Drawing No. _____
Number 9	Architectural feature _____ Approximate Date of feature _____ Describe existing feature and its condition: Photo no. _____ Drawing no _____	Describe work and impact on existing feature: Photo no. _____ Drawing No. _____
Number 10	Architectural feature _____ Approximate Date of feature _____ Describe existing feature and its condition: Photo no. _____ Drawing no _____	Describe work and impact on existing feature: Photo no. _____ Drawing No. _____
Number 11	Architectural feature _____ Approximate Date of feature _____ Describe existing feature and its condition: Photo no. _____ Drawing no _____	Describe work and impact on existing feature: Photo no. _____ Drawing No. _____

State Property Tax Moratorium

Property Name _____

SHPO Office Use Only

Project Number: _____

Property Address _____

Before

Completed Work

Number 16	Architectural feature _____ Approximate Date of feature _____ Describe existing feature and its condition: Photo no. _____ Drawing no _____	Describe work and impact on existing feature: Photo no. _____ Drawing No. _____
Number 17	Architectural feature _____ Approximate Date of feature _____ Describe existing feature and its condition: Photo no. _____ Drawing no _____	Describe work and impact on existing feature: Photo no. _____ Drawing No. _____
Number 18	Architectural feature _____ Approximate Date of feature _____ Describe existing feature and its condition: Photo no. _____ Drawing no _____	Describe work and impact on existing feature: Photo no. _____ Drawing No. _____

Please attach additional sheets, if necessary.