

Historically Significant Real Property

Overview

Historically significant real property that has been rehabilitated may qualify to have its base value remain the same for eight years. Eligible properties are those listed in the National Register of Historic places. The Nebraska State Historical Society defines this program as part of the [Valuation Incentive Program](#) (VIP). The State Historic Preservation Officer approves the application and final certificate of rehabilitation. The county assessor then determines the base year valuation of that property.

The VIP is a property tax incentive that gives owners of historic property a temporary “hold” on property tax valuation increases when they substantially rehabilitate a property. See [Valuation Incentive Program Brochure \(PDF\)](#). Valuation remains at the pre-rehabilitation assessed value for eight years, then gradually increases to actual level over the next four years. The [State Historic Preservation Office](#) manages the designation of historically significant property under their “Valuation Incentive Program.” No reporting is required to the Nebraska Department of Revenue under this program.

This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (Department) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the Department and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.



This guidance document may change with updated information or added examples. The Department recommends you do not print this document. Instead, sign up for the [subscription service](#) at revenue.nebraska.gov to get updates on your topics of interest.

Terms

Base Value. Base value means the assessed valuation of historically significant real property in the assessment year when the preliminary certificate of rehabilitation was issued, and was last certified by the county assessor, or as finally determined if appealed.

Final Certificate of Rehabilitation. Final Certificate of Rehabilitation means a certificate issued by the State Historic Preservation Officer determining that the rehabilitation of a property meets the standards for rehabilitation.

Historically Significant Real Property. Historically significant property means real property that is:

- ❖ Listed in the National Register of Historic Places;
- ❖ Located within a district listed in the National Register of Historic Places that has been determined to be historically significant as determined by the State Historic Preservation Officer;

- ❖ Individually designated as historically significant pursuant to a local landmark ordinance or resolution that has been approved by the State Historic Preservation Officer; or
- ❖ Located within a district designated pursuant to a local landmark ordinance or resolution approved by the State Historic Preservation Officer and that is historically significant as determined by the State Historic Preservation Officer.

Preliminary Certificate of Rehabilitation. Preliminary Certificate of Rehabilitation means a certificate issued by the State Historic Preservation Officer determining that a property is qualified for historic preservation valuation, the proposed rehabilitation meets the standards for rehabilitation, and the proposed rehabilitation is a substantial rehabilitation.

Substantial Rehabilitation. Substantial rehabilitation means interior or exterior rehabilitation work that preserves the historically significant real property in a manner that significantly improves its condition and costs an amount equal to or greater than 25% of the assessed valuation of the property as certified by the county assessor and contained in the application for a preliminary certificate of rehabilitation filed with the State Historic Preservation Officer.

Requirements

The requirements that must be met for the property and project are available on the State Historical Society [website](#).

Procedures for County Assessors

The State Historic Preservation Officer is responsible for the issuance of the preliminary and final certificate of rehabilitation.

As part of the application process, the property owner must obtain a written certification from the county assessor stating the assessed valuation of the real property that was last certified or as finally determined on appeal. The county assessor must complete the "Certification by County Assessor," which is Part 2 of the application found on the Valuation Incentive Program link above. If the request for the certification of the base value is received by the county assessor prior to August 20, the certified base value will be for the previous assessment year. If the request is received after August 20, the certified base value will be for the current assessment year.

Within 30 days after receiving an application for a preliminary certificate of rehabilitations, the State Historic Preservation Officer will send a copy to the county assessor where the property is located if the application is approved. This deadline may be extended up to an additional 45 days.

When the rehabilitation of the property is completed, a final certificate of rehabilitation will be issued. A copy will be provided to the county assessor by the State Historic Preservation Officer within seven days of the issuance of the certificate. Until the county assessor receives a copy of the final certificate of rehabilitation from the State Historic Preservation Officer, the property is valued at actual value each year. Upon receiving the final certificate of rehabilitation, the county assessor must value the property at its base value.

The issuance of a final certificate of rehabilitation triggers the application of the base value to the real property. The historically significant valuation period is the eight assessment years following the issuance of the final certificate of rehabilitation by the State Historic Preservation Officer, beginning in the assessment year following the issuance of the final certificate.

During the historically significant valuation period, the property must be assessed at no more than the base value, even if increases to the property's actual value occur. For example, if the actual value of a property increases through a reappraisal or an increase ordered by the Tax Equalization and Review Commission, the property must be assessed at no more than the base value.

During the historically significant valuation period, if the property's actual value declines below the base value, it must be assessed at its actual value for that particular year, and when the actual value increases the property must be assessed at no more than the base value.

The approved rehabilitated property will be valued at its base value for an eight-year period, followed by four more years when the assessed value is phased back to its actual or market value. The actual value phase-in period is the four years immediately following the conclusion of the historically significant valuation period. In the first year, the value will be the base year value plus 25% of the difference between the base value and actual value. Similarly, in the second and third years, the value will be the base year value plus 50% and 75% of the difference between the base value and actual value, respectively. Finally in the fourth year, the property's assessed value will be at its current actual value.

Whenever the assessed valuation changes for historically significant property, a notice of valuation change is required to be issued by the county assessor.

Example of Assessment Process.

In each of the following years, the county assessor takes the following steps.

- ❖ Year 1 – Certifies a base value of \$50,000 for a property on the National Register of Historic Places.
- ❖ Year 2 – Values property at \$60,000 on January 1. The property owner applies for a preliminary certificate of rehabilitation in June from the State Historic Preservation Officer. Rehabilitation begins on the property.
- ❖ Year 3 – Values property at \$65,000. Rehabilitation continues.
- ❖ Year 4 – Values property at \$65,000, but also applies a 10% increase ordered by the Tax Equalization and Review Commission (TERC), bringing the assessed value to \$71,500. The rehabilitation work is completed and a final certificate of rehabilitation is issued by the State Historic Preservation Officer.
- ❖ Years 5-12 – Values property at no more than the base value from year one (\$50,000). The county assessor will determine actual value each year and maintain records for both actual and certified base value for the property.
- ❖ Year 13 – Values property at base plus 25% of the difference between base and actual values. If the actual value is \$140,000, the assessed value should be \$72,500
 - $50,000 + (140,000 - 50,000 \times .25) = 72,500$.
- ❖ Year 14 – Values property at base value plus 50% of the difference between base and actual values. If the actual value is \$140,000, then the assessed value should be \$95,000.
- ❖ Year 15 – Values property at base value plus 75% of the difference between base and actual values. If the actual value is \$142,000, then the assessed value should be \$119,000.
- ❖ Year 16 – The county assessor values the property at its full actual valuation of \$150,000.

Revocations

In the event that a final certificate of rehabilitation is revoked by the State Historic Preservation Officer, the county assessor will receive written notice of the revocation and the property will be assessed at its actual value in the assessment year following revocation.

Example of Revocation Process.

In each of the following years, the county assessor takes the following steps.

- ❖ Year 1 – Certifies a base value of \$50,000 for a property on the National Register of Historic Places.
- ❖ Year 2 – Values property at \$60,000 on January 1. The property owner applies for a preliminary certificate of rehabilitation in June from the State Preservation Officer. Rehabilitation begins on the property.
- ❖ Year 3 – Values property at \$65,000 on January 1. Rehabilitation continues.

- ❖ Year 4 – Values property at \$65,000, but also applies a 10% increase ordered by the TERC, bringing the assessed value to \$71,500. The rehabilitation work is completed and a final certificate of rehabilitation is issued by the State Historic Preservation Officer.
- ❖ Years 5-9 – Values the property at no more than base value from year one (\$50,000). The county assessor will determine actual value each year and maintain records for both actual and certified base value. The final certificate of rehabilitation is in full force and effect.
- ❖ Year 10 – The State Historic Preservation Officer revokes the final certificate of rehabilitation and notifies the county assessor. The county assessor maintains the valuation of the property at the base year's value of \$50,000.
- ❖ Year 11 – Values property at actual value. If necessary, the county assessor sends a Notice of Valuation Change and the taxpayer may protest the value the same as for any other real property.

Resource List:

- ❖ [State Historic Preservation Office](#), Nebraska State Historical Society
- ❖ [Valuation Incentive Program](#), website includes for download the VIP Application (MS Word) and VIP Instructions (MS Word), Nebraska State Historical Society
- ❖ [Valuation Incentive Program Brochure](#), Nebraska State Historical Society
- ❖ [The Secretary of the Interior's Standards for Rehabilitation](#), U.S. Department of the Interior
- ❖ [Historically Significant Real Property Statutes: Neb. Rev. Stat §§ 77-1385 to 77-1394](#)
- ❖ [Nebraska Administrative Code 350, Chapter 23 – Historical Real Property Regulations](#)

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