

## **Valuation Incentive Program – Overview**

The Valuation Incentive Program (VIP) assists in the preservation of Nebraska's historic places. The program allows a property tax "preference" for a historic property that has been rehabilitated. The preference can be described as a temporary "hold" on increases in property tax assessment that result from improvements made to preserve a historic property. The VIP is a property tax incentive that assists in the preservation of Nebraska's historic buildings.

Properties participating in the VIP must be designated as a "historically significant real property" before work on a project, listed on the National Register of Historic places and taxable.

### **Property requirements:**

- Eligible properties are those individually listed in the National Register of Historic Places or historic properties that contribute to a district listed in the National Register of Historic Places.
- Under certain provisions, historic properties can be designated under a local government preservation ordinance.
- The property must be designated as a "historically significant real property" before work on a project begins. A historically significant real property is one that is listed on the National Register of Historic places and is taxable.
- The historic property must be taxable.

### **Project Requirements:**

- The cost of the rehabilitation must be 25 percent or greater of the "base-year" assessed value of the property. The base-year is the last assessed value of the property at the time an application is submitted to the Nebraska State Historical Society.
- All work done to rehabilitate or improve the property must meet the Secretary of Interior's Standards for Rehabilitation.
- All work must be done during a two-year period. In certain circumstances this period may be extended with the approval of the Nebraska State Historical Society, such as when the size of the project is such that a good faith attempt to complete the rehabilitation in two years would not succeed or when it is economically unfeasible.
- Certain types of work are not eligible. These include landscaping, new construction, driveways and sidewalks. For owner-occupied single-family residences, no more than thirty percent of the dwelling space can be new construction outside the existing building.

### **What happens to the project's taxes?**

- A certified project in a qualifying historic property will result in the property's assessed valuation being frozen for eight years at its pre-rehabilitation value.
- The valuation then rises to its market level over a period of four years.
- Taxes must be paid under terms of this program. Property is not removed from the tax rolls.
- This is not a tax exemption. In certain cases, taxes may rise during the term that rehabilitation is in process.
- However, once the final certification is issued, the assessment will drop back to the base-year value and the "hold" will begin. Additional taxes paid due to a temporary assessment rise cannot be recouped.