



PRESERVATION KEEPS U.S. TOGETHER

Our Request: Support the Historic Tax Credit through Tax Reform

Background:

The federal Historic Tax Credit (“HTC”) was created in 1981 as a tool to drive economic development through the restoration and reuse of America’s historic buildings. Since its inception, the HTC has been a widely used redevelopment tool, helping revitalize cities, towns and rural communities all across the country. The HTC has a proven track record for stimulating economic growth through private investment that creates jobs.

The HTC is administered by the National Park Service and the Internal Revenue Service in conjunction with the State Historic Preservation Offices, and is comprised of two distinct and separate tax credits used to rehabilitate vacant schools, warehouses, factories, retail stores, apartments, hotels and office buildings throughout the country.

- **The 20 percent credit**
The 20 percent credit applies only to certified historic structures. A certified historic building is one that is listed individually on the National Register of Historic Places, or contributes to the character of a National Register-listed Historic District. The 20 percent credit is available for any income producing commercial property.
- **The 10 percent credit**
The 10 percent credit is for the rehabilitation of non-historic, non-residential buildings built before 1936.

What is at stake? Economic Development, Jobs & Our American Heritage

- Since inception, the HTC has rehabilitated more than 38,000 buildings, created 2.3 million jobs and leveraged \$106 billion in private investment nationwide.
- On average the credit leverages about \$5 dollars of private investment for every \$1 dollar in federal funding.
- The cumulative \$20.5 billion cost of this program has been more than offset by the \$25.9 billion in federal tax receipts generated by these rehabilitation projects.
- The HTC has revitalized the historic cores of cities and towns across America, enhancing property values, encouraging additional reinvestment by adjacent owners and augmenting tax revenue for federal, state and local governments.



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Creating American Prosperity through Preservation

As Congress examines ways to improve our nation's tax code, there is a crucial opportunity to modernize the Historic Tax Credit so that it functions better in a dynamic economy and better serves the needs of large and small communities. The Creating American Prosperity through Preservation Act ("CAPP") Act is pending introduction and includes five practical changes to the current federal Historic Tax Credit that will enhance the credit's already impressive track record of preserving historic buildings and generating economic benefits.

In brief, CAPP's provisions would:

- **Bring Jobs and Economic Development to "Main Street" Towns and Rural Communities.** The provisions would increase the amount of the credit from 20 percent to 30 percent for "small deals" (projects less than \$5 million in qualifying rehabilitation expenditures).
- **Eliminate Federal Taxation on State Historic Tax Credit Proceeds.** Thirty states have enacted state historic tax credits, which, when combined with the federal credit, have powerful economic impacts. However, current federal taxation of state tax credits significantly diminishes their project value. CAPP would eliminate federal taxation of the state credits, and put more dollars into projects.
- **Encourage Energy Efficiency in Historic Rehabilitation.** CAPP provisions would increase the historic credit amount by two percentage points for historic rehabilitation projects that achieve 30 percent or greater savings in energy consumption.
- **Facilitate Economic Development by Non-profit and Government Agencies, and in Low-Income Areas.** Current law discourages these agencies from sponsoring the rehabilitation or leasing of historic properties. Most of these projects are in low-income areas and CAPP would change the law to facilitate nonprofit and nongovernmental agency use of the credit to create affordable housing, community health centers, charter schools and other projects of high community benefit.
- **Expand the Number of Buildings Eligible for Rehabilitation.** The 10 percent rehabilitation credit is currently only available to buildings built before 1936. The CAPP Act would change the required building age to "fifty years or older," making the credit more useful, and building potential for comprehensive economic development that includes post-World War II areas and communities.