

Mike Pavey, Mayor

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City of
Rushville
Indiana

April 15, 2015

The Honorable Dean Heller
324 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Michael F. Bennet
458 Russell Senate Office Building
United States Senate
Washington, DC 20510

Dear Senators Heller and Bennet:

In this challenging budget environment and the bipartisan call for meaningful tax reform, I believe it is critical to convey how important it is to retain the 20% federal Historic Tax Credit (HTC) which has successfully transformed and revitalized communities here in Indiana and across the country. Weakening or eliminating the credit would endanger the economic viability of nearly all historic rehabilitation projects. In my experience the HTC is essential to the financing of these challenging buildings that would otherwise remain vacant eyesores. Many of these projects become anchors for catalytic revitalization of a once depressed area of town. As discussions of tax reform progress, I encourage the Senate Finance Committee and Community Development and Infrastructure Working Group to support retention of the Historic Tax Credit because of the economic benefits it brings to Indiana cities and main street communities.

Rushville made application to the HTC program in its effort to fund (3) three critical downtown structures, (Campaign Quarters and Campaign Flats). As a community we found the program to be the only option for projects like ours. If this program were to be cut or suspended all communities would be faced with no other options to turn around projects not feasible by any other means.

An economic study has shown that since the 1981 Congressional enactment of the historic tax credit, the HTC has leveraged \$117 billion in private investment in historic rehabilitation, created nearly 2.5 million jobs and rehabilitated 40,000 historic buildings. In Indiana the HTC has helped finance 145 projects with \$717 million in total development cost between 2001 and 2013.

According to a National Park Service commissioned study, in the credit's 34 years, the federal government has allocated just over \$24 billion in tax credits, but collected more than \$28 billion in federal taxes resulting from rehabilitation projects. It seems to me that in the long-run the federal government would be losing money, and these abandoned, underutilized buildings would simply not get done without the federal incentive for these difficult projects.

It is my understanding that over half of the HTC projects are smaller projects that earn under \$1 million in credits. Over successive sessions of Congress, the Creating American Prosperity through Preservation (CAPP) Act has been introduced in the House and Senate. This bill provides for greater targeting of smaller Main Street-scale properties which are typical in Indiana; removes the federal income tax on state historic tax credits; and make it easier for nonprofits to sponsor the rehabilitation of historic buildings that cannot be tackled by for profit developers. If the HTC is retained in the tax code, these suggested improvements would make this federal incentive even more efficient and effective.

Thank you for the opportunity to submit these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael P. Pavey". The signature is fluid and cursive, written over a light blue horizontal line.

Michael P. Pavey, Mayor
City of Rushville

CC:

Senator Dan Coats
Senator Joe Donnelly