



April 15, 2015

The Honorable Dean A. 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 Bennett:

The National Trust for Historic Preservation is pleased to submit comments in support of a strong Federal Historic Tax Credit Program to the Community Development and Infrastructure Working Group of the Senate Finance Committee.

The National Trust is a privately funded nonprofit organization chartered by Congress in 1949. We work to save America's historic places to enrich our future. With headquarters in Washington, D.C., 13 field offices, 27 historic sites, 746,000 members and supporters and partner organizations in 50 states, territories, and the District of Columbia, the National Trust works to save America's historic places and advocates for historic preservation as a fundamental value in programs and policies at all levels of government.

For more than three decades, the preservation and reuse of historic buildings made possible by the Federal Historic Tax Credit Program (HTC) has presented community leaders with solutions to many local challenges. Whether seeking to address housing shortages, unemployment, blight, outmigration, infrastructure spending, or a declining tax base, localities both large and small recognize the unique value that historic rehabilitation projects bring to the development of stronger communities. These public-private partnerships yield a minimum of \$4.00 of private investment for every \$1.00 the federal government invests in a project. The HTC is a highly efficient mechanism for catalyzing community revitalization and economic development along our Main Streets and in our older and historic neighborhoods, cities, and downtowns, while also preserving our heritage and sense of place.

The HTC is far and away the largest federal investment in historic preservation. Over the life of the program, the HTC has created nearly 2.5 million jobs and adapted 40,362 historic buildings to new and economically productive uses. Moreover, this tax credit is an investment that generates revenue for the Department of Treasury. Since its inception, just over \$24 billion in credits have been issued, but more than \$28.6 billion has been collected from tax revenue directly attributable to the rehabilitation of historic buildings.<sup>1</sup> Roughly translated, this means that for every \$1.00 in credits allocated by the federal government, \$1.19 in new tax revenue is paid to the Treasury through this program.

As President Reagan noted, the historic tax credit "makes good economic sense,"<sup>2</sup> but underlying the program is a deeply rooted social value of preserving our historic resources. The passage of the National Historic Preservation Act in 1966 codified the federal government's role in providing leadership and encouragement for the preservation of our nation's historic resources. This landmark legislation was the result of a broad and popular movement made

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<sup>1</sup> Rutgers University, Center for Urban Policy Research, *The Economic Impacts of the Federal Historic Tax Credit*, 2014.

<sup>2</sup> President Ronald Reagan, Award Program, Presidential Design Award for Excellence, January, 1985.

up of individual citizens, civic organizations, businesses, elected officials, and public institutions that embrace protecting the places and stories of America's heritage in a direct and tangible way. The NHPA established a strategic framework between the federal government, the states, and now tribes to implement the nation's preservation programs, including the HTC program.

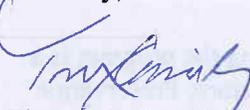
The policy of incentivizing the rehabilitation and modernization of older structures was examined by the Senate Finance Committee in 1981 and in 1986. The Committee acknowledged the federal government's role to provide preservation leadership by recognizing the positive social values associated with rehabilitating and preserving older structures, and through incentives, ensured that investors would as well.<sup>3</sup> The Committee noted further that without an incentive, the extra cost of undertaking rehabilitations would divert reinvestment away from older and historic properties. Historic rehabilitation projects take longer, require additional specialized labor, and involve more complicated financing arrangements than new construction. Even with a lower tax rate, these basic economic factors do not change. Absent the Historic Tax Credit, it is simply unlikely investors would choose to invest in more challenging and less profitable historic rehabilitation projects instead of new construction.

As a result of longstanding Congressional support for this successful program, a super-majority of states have followed the federal model and created their own historic tax credit programs. Thirty-four states now offer a historic tax credit that works in tandem with the federal credit to leverage significant private investment in the revitalization of our communities. Since 1978, the federal historic tax credit in conjunction with state tax credit programs have generated more than \$117 billion in total development activity. The basis for such an enduring national policy is clear. Historic buildings are tangible links to our past. They are the places that express the distinctive and unique heritage of our cities, towns and rural communities. The HTC promotes the rehabilitation of historic structures of every period, size, style and type. Scaling back or eliminating the HTC would be a sharp reversal of many decades of successfully implementing a bipartisan, national policy endorsed by multiple Presidents, Congresses, and states.

The National Trust for Historic Preservation applauds the Committee's effort to analyze current tax law and develop reform options. Despite many decades of accomplishment, the federal historic tax credit program could be reformed to create greater program efficiencies and to improve its application in difficult to develop areas without jeopardizing future opportunities to preserve our nation's most important historic buildings. With several modest improvements, the HTC program could operate with even greater success and better address the needs of urban and rural communities that recognize the tangible, job-creating advantages of preserving their unique histories.

Finally, accompanying this letter are supplemental comments that provide additional background information about the HTC describing the program's mechanics, legislative history, and economic benefits. We look forward to working with the Finance Committee to identify reform options for the Federal Historic Tax Credit Program that will continue to preserve our nation's heritage and provide sound solutions to community redevelopment.

Sincerely,



Thomas J. Cassidy, Jr.  
Vice President, Government Relations and Policy

Attachment

cc: Senator Orrin Hatch, Chairman, Senate Finance Committee  
Senator Ron Wyden, Ranking Member, Senate Finance Committee

<sup>3</sup> Tax Reform Act of 1986, Report of the Committee on Finance, United States Senate, to accompany H.R.3838; May 29, 1986.