



257 North Street, Harrisburg, PA 17101 tel 717.234.2310 fax 717.234.2522 info@preservationpa.org www.preservationpa.org

Historic Preservation Incentive Act

PURPOSE: The Historic Preservation Incentive Act will provide a 25% credit against state income tax for developers of projects involving the rehabilitation of commercial buildings, including buildings used as rental housing, that are located in historic districts listed on the National Register of Historic Places or in locally designated historic districts. The program is designed to work in conjunction with the Federal Historic Preservation Tax Incentives program.

BENEFITS:

- **Jobs, jobs, jobs.** The existing federal tax credit has shown that a credit for historic rehabilitation is a prolific generator of jobs. A study in Missouri demonstrated that \$1 million invested in manufacturing produced 13.9 jobs, while the same amount invested in historic rehabilitation produced 20.2 jobs. That is because historic rehabilitation is far more labor intensive than new construction and manufacturing.
- By leveraging the existing 20% federal tax credit with an additional 25%, the bill would help lure investment into Pennsylvania. Data show that states with state credits tend to have an advantage over states that do not have tax credits in attracting investment in historic rehabilitation.
- **Local tax benefits.** Rehabilitation will significantly increase the value of the property for local real estate tax purposes.
- **Long-term fiscal benefits.** By putting deteriorated buildings back in use, it creates new permanent jobs. That means that its positive fiscal impact is not limited to the construction period. Since rehabbed buildings are revenue generators, its benefits continue into the out-years.
- **Major environmental benefits.** The "greenest" building is the one that is placed back in use. It avoids the expense and pollution of demolition, helps to preserve open space, utilizes existing infrastructure and creates living and work areas convenient to mass transit, reducing dependence on cars and expensive gasoline.
- **Preserves historic communities.** People like to live in historic environments. Residential property values in historic districts beat the average in good years, and decline less than the average in bad years.
- The bill is not costly to the state; it will start with a limit of no more than \$3 million in credits awarded in any year, and no individual project sponsor may claim more than \$500,000 in any one year.
- The bill contains a requirement for equitable geographic distribution of the credits across the commonwealth. That means that Philadelphia and Pittsburgh cannot monopolize the benefits of the bill.

Thank you to Harry K. Schwartz for this summary of benefits.