



ISSUE BRIEF

HISTORIC PRESERVATION TAX CREDIT

Preservation Pennsylvania supports **SB 541** introduced by **Senators Argall and Schwank** and **HB 1173** introduced by **Representatives Freeman and James** to reauthorize and expand the **Pennsylvania Historic Preservation Tax Credit**.

A \$1 million investment in a historic rehabilitation project generates 6.4 direct jobs and 5.6 indirect jobs in Pennsylvania, more than any other industry including the gas industry.

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Pennsylvania enacted the Historic Preservation Tax Credit in 2012. This program works as a companion to the federal Historic Tax Credit. Pennsylvania has always been a strong user of the federal credits. Since 1977, 2500 buildings have been rehabilitated with investments in excess of \$7 billion. The bulk of this money is from private investment. **Between 2002 and 2016, the economic impact of 613 approved projects had generated \$3.8 billion in development costs, created 58,841 jobs, generated \$4 billion in income and \$837 million in local, state and federal taxes.**

While Pennsylvania continues to be a strong user of the federal credits, the recent change to the program make a strong state tax credit even more important. When the Pennsylvania Historic Preservation Tax Credit program was enacted, it was funded at \$3 million annually with a credit cap of \$500,000 per project. Surrounding states with more robust state credits have seen an increase in the number of projects, the amount of investment, and the positive economic impact while Pennsylvania has seen little growth. New York and Virginia have no annual cap, Ohio has a \$60 million cap and West Virginia has a \$30 million cap. **The demand for state credits far exceeds the available funds. For every \$8 in requests, only \$1 can be awarded.**

The Commonwealth's Independent Fiscal Office (IFO) recently completed a review of this program with findings that show the positive economic impact of the credit and the recommendation that the program should be funded at a higher level.





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Effective state programs increase the use of federal credits. Historic tax credit projects create more jobs than new construction and put vacant properties back on the tax rolls. **The state historic tax credit starts paying back during construction, returning 37% of the value to the Pennsylvania Treasury before the credit certificate is issued.** The investments in these projects are private funds that are being expended up front. The state's issuance of the credit doesn't occur until the project is completed, reviewed, and approved. This is not a program where the state is expected to provide the funding up front and hope things go well. The state's investment comes last, after the project has been completed and placed in use.

Preservation Pennsylvania recently released "The Missing Key: A Study of the Impact and Potential of the Pennsylvania State Historic Tax Credit" prepared by PlaceEconomics. During the last five years, the PA-HPTC program has awarded \$15 million in credits (\$3 million per year) which have supported projects totaling \$700 million in investment. A \$1 million investment in a historic rehabilitation project generates 6.4 direct jobs and 5.6 indirect jobs in Pennsylvania, more than any other industry including the gas industry.

In order to compete against states like Ohio, New York, and Virginia, the PA-HPTC should not only be reauthorized but expanded as proposed in the current legislation.

Historic Places matter to us.

Preservation Pennsylvania is the Commonwealth's only private statewide nonprofit organization dedicated to helping people protect and preserve the historic places that matter to them. Preservation Pennsylvania was established by the Commonwealth's General Assembly in 1982 as the Preservation Fund of Pennsylvania, a statewide revolving fund to assist in the acquisition and rehabilitation of historic properties. Since then, Preservation Pennsylvania has grown into its role as a private, nonprofit membership organization with a statewide mission to protect and preserve Pennsylvania's irreplaceable historic places. We assist individuals, organizations, corporations, and governmental agencies from across the Commonwealth (and sometimes the nation) in their own preservation-related efforts, through a dynamic scope of activities and services. Whether as a leader, partner, or advisor, Preservation Pennsylvania works to secure the future of the past through educational outreach workshops and events, legislative advocacy, advisory and technical assistance in the field, and other special initiatives. In Preservation Pennsylvania's role as an advocate for historic preservation, we address matters of Commonwealth-wide concern, including state level legislation and policy affecting historic resources, as well as federal and local issues that have statewide implications. We serve as the statewide voice for historic preservation in Pennsylvania.