



PRESERVATION MARYLAND

State Historic Tax Credits Work for Maryland

INCREASE SUPPORT TO ONE OF OUR MOST EFFECTIVE REVITALIZATION TOOLS

Why Is This Legislation Necessary?

Maryland must adequately fund the community revitalization programs that work.

1. **Maryland is Falling Behind:** As of FY18, **Maryland invested only \$9M** in this program for the entire state. By comparison, **Virginia invests nearly \$100M** annually in their state HTC. Massachusetts and Wisconsin, each with similar state budget and population size to Maryland, both invest \$50M annually in their state HTC. *Maryland has fallen far behind.*
2. **Rehabilitation Projects Pay for Themselves:** Unlike many tax credit programs, the state Historic Tax Credit generates positive revenue for the state, creates permanent jobs, and increases local property tax revenues. **When buildings are rehabilitated, they pay more in local taxes which support better schools, roads, and healthcare without the need for more state dollars.**
3. **Changes to Federal Tax Code Have Increased Costs of Rehabilitation:** The recent overhaul of the federal tax code has increased the cost of completing rehabilitation projects due to slower vesting of the federal Historic Tax Credit. Maryland must work to offset these damaging changes to the federal program.
4. **Need for Affordable Housing:** According to the National Low-Income Housing Coalition, **Maryland needs 119,000 new units of affordable housing just to meet existing demand.** The state Historic Tax Credit is being optimized in companion legislation to better address this need – but the program needs more funding to make an impact.

What Does This Legislation Do?

This legislation requires that the Governor appropriate at least \$15M annually – a modest \$6M increase over the current funding levels.

What Will This Legislation Cost?

This increased funding will have a \$6M fiscal impact. However, the Maryland Historic Tax Credit has a well demonstrated 8:1 return on investment for the state, meaning the state should expect a **\$48 million return** – as well as the generation of at least 432 jobs.

For more information on this legislation and preservation policy, please contact:

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MARYLAND'S HERITAGE STRUCTURE REHABILITATION TAX CREDIT

PRESENTED BY PRESERVATION MARYLAND, DATA PROVIDED BY MARYLAND DEPARTMENT OF PLANNING

The revitalization of Maryland communities is fueled by the Heritage Structure Rehabilitation Tax Credit program. Fully funding the competitive commercial tax credit at \$30 million could potentially generate \$255 million in economic activity and create more than 2,175 good paying jobs for Marylanders—*that's a great investment for Maryland!*

INCREASE FUNDING OF THE TAX CREDIT TO \$15 MILLION IN FY20

HELPING MARYLAND COMMUNITIES

The program has helped renew 4,018 residential and 625 commercial structures – *funding projects in every county*

Every dollar invested – \$410 million since 1996– generates \$8.53 in economic activity— or over **\$3,400,000,000** since its creation

On average, every \$1 million in credits applied generates 72.5 jobs



In Cambridge, 11 Poplar Street was restored with the Sustainable Communities Tax Credit. The total private investment was \$225,000 and created 3 jobs, with a tax credit amount of \$45,000.

FEWER & FEWER DOLLARS

Since 2007, the program has taken a **70% decrease in funding**, while the need only increases.

ENVISIONING A BRIGHTER FUTURE

With full funding the program will:

- Attract and sustain **private investment** in revitalization areas and projects
- Set the stage for **economic opportunity** in areas in need of revitalization
- **Strengthen** small businesses by leveling the playing field for business owners to receive tax credits for small projects in designated Sustainable Communities
- Focus **redevelopment** in older, established communities thereby preserving natural resources