

STRENGTHENING MARYLAND'S COMMUNITY REVITALIZATION EFFORTS WITH A STATE HISTORIC TAX CREDIT

REVITALIZE • RESTORE • REINVEST

Strengthening Maryland's Community Revitalization Efforts

HB865/SB659 Historic Revitalization Tax Credit – Small Commercial Projects – Alterations

Why is this legislation necessary?

Maryland must adequately fund the community revitalization programs work that work. The Small Commercial Historic Tax Credit funds the rehabilitation of smaller scale historic projects. The program began in 2015 with an authorization for the Maryland Historical Trust to certify up to \$4M in credits.

- **Initial Funding Has Been Depleted:** The small commercial program has run out of money as a result of recent policy changes making it more effective, such as no longer requiring a commercial component and the popularity of the program as a key neighborhood revitalization tool.
- **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.
- **Need to Encourage Investment in Our Oldest Communities:** The program is an effective tool for community redevelopment, but the existing program must be funded to encourage private investment in historic neighborhood revitalization projects.
- **Helping Small Businesses:** There are shovel-ready projects across the state that cannot move forward without funding for this program.

What does this legislation do?

This legislation replenishes the Small Commercial Tax Credit by authorizing MHT to issue up to \$1M in new credits. With a per-project cap of \$50,000, this authorization would fund at least 20 projects across the state.

What will this legislation cost?

The fiscal impact to this legislation is \$1M. However, the Maryland Historic Tax Credit has a well demonstrated 8:1 return on investment for the state, meaning the state should expect an **\$8 million return**.