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*Preserving America's Heritage*

November 14, 2017

The Honorable Orrin Hatch  
Chairman  
Committee on Finance  
United States Senate  
Rm. SD-219  
Dirksen Senate Office Building  
Washington, DC 20510-6200

The Honorable Ron Wyden  
Ranking Member  
Committee on Finance  
United States Senate  
Rm. SD-219  
Dirksen Senate Office Building  
Washington, DC 20510-6200

REF: Federal Historic Rehabilitation Tax Credit

Dear Chairman Hatch and Ranking Member Wyden:

As both the House and the Senate are moving to finalize tax reform through the Tax Cuts and Jobs Act, I want to strongly urge you to continue to include the federal historic rehabilitation tax credit, also known as the historic tax credit, at its full current value. Administered by the Department of the Interior and the Internal Revenue Service, this 20 percent credit supports projects that rehabilitate income-producing historic buildings—commercial and industrial buildings, hotels, apartment buildings, residential rental properties, and other key contributors to our economy and our communities—while ensuring that their historic character is preserved. The House has proposed elimination of this valuable tool entirely, and the current version of the Senate bill reduces the credit to 10 percent while eliminating the existing 10 percent credit for pre-1936 building rehabilitation. The Advisory Council on Historic Preservation (ACHP) recommends that the historic tax credit be maintained at its current level of 20 percent as a significant component of the reformed tax code you are working to put in place.

The ACHP is the independent federal agency charged with advising the President and Congress on matters relating to historic preservation, including the impact of tax policies upon historic preservation. The ACHP consistently has encouraged measures to ensure the continued use of the historic tax credit as an extremely valuable tool for creating jobs, for supporting business development, for integrating historic preservation and commercial investment, and for improving the economic vitality of America's communities large and small. At our recent quarterly meeting on November 9, 2017, the ACHP members (with federal members necessarily abstaining) voted to fully support the historic tax credit and directed me to forcefully convey that support to you as well as to the President.

While some have raised concerns about any offset to federal revenue resulting from the credit, the truth is that the federal historic rehabilitation tax credit more than pays for itself. The \$25.2 billion cumulative cost of the program has been more than offset by the \$29.8 billion in federal tax receipts generated by the rehabilitation projects receiving the credit.<sup>2</sup>

Since the inception of the historic tax credit in 1976, more than 42,000 tax credit projects have been approved in all 50 states, the District of Columbia, the Virgin Islands, and Puerto Rico. These projects have

ADVISORY COUNCIL ON HISTORIC PRESERVATION

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generated \$84.15 billion in rehabilitation investment, created 2.44 million jobs, rehabilitated more than 271,000 housing units, created almost 278,000 new housing units, and developed 153,000 low- and moderate- income housing units.<sup>1</sup> For local communities, this translates into enhanced property values, more affordable rental housing, removal of blighted conditions, and sustainable reuse of resources.

President Ronald Reagan praised the incentive in 1984, stating, “Our historic tax credits have made the preservation of our older buildings not only a matter of respect for beauty and history, but of course for economic good sense.” This statement is as true today as it was then. Over the course of its history, the historic tax credit has returned an average of \$1.20 to the Treasury for every credit dollar allocated. The historic tax credit has a critically important role to play in restoring buildings and bringing renewed vitality to America’s city centers and Main Street corridors.

We ask that you carefully consider the effectiveness, value, and reach of the historic tax credit and its impact on American communities as you proceed with mark-up and amendments finalizing the Tax Cuts and Jobs Act. We are confident that you and your colleagues who care deeply about the well-being of this country and its future will conclude that this valuable tax credit is a cost-effective way to create jobs and encourage essential private sector investment in our nation’s cities and towns.

Please feel free to contact me if you have any questions on our position or if the ACHP can be of any assistance. Our Executive Director, John Fowler, can also be reached at (202) 517-0200.

Sincerely,



Milford Wayne Donaldson, FAIA  
Chairman

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<sup>1,2</sup> National Park Service, *Federal Tax Incentives for Rehabilitating Historic Buildings: Statistical Report and Analysis for Fiscal Year 2016* (March 2017); Rutgers University and the National Park Service, *Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2016* (July 2017).