

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

REVITALIZE • RESTORE • REINVEST

Strengthening Maryland's Community Revitalization Efforts

Heritage Structure Rehabilitation Tax Credit – Alteration and Extension – Targeted Projects

Why Is This Legislation Necessary?

Maryland needs to make its community revitalization programs work more efficiently.

- Maryland is Falling Behind: As of FY19, Maryland invested only \$9M in this program for the entire state. By comparison, Virginia invests nearly \$100M annually in their state Historic Tax Credit, and West Virginia invests \$30M in their Historic Tax Credit. Maryland has fallen far behind.
- Changes to Federal Tax Code Have Increased Costs of Rehabilitation: The existing program needs to be streamlined to encourage private investment in historic neighborhood revitalization projects. Last year's 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.
- Need to Target the Program: The program is an effective tool for community redevelopment, but there are certain resources that need extra attention. This legislation would create two pilot resource specific programs to focus aid to agricultural structures in rural communities and to post-WWII buildings throughout Maryland.

What Does This Legislation Do?

This legislation makes several changes to the existing legislation:

- This legislation requires that the Governor appropriate at least \$20M annually – a reasonable \$11M increase over the current funding levels – or 20% of Virginia's appropriation.
- Allows the state historic tax credit to be used more easily for contiguous small residential projects and allows for the simple transfer of the credit to decrease the cost of completing projects.
- This legislation would create two pilot resource specific programs to focus aid to agricultural structures in rural communities and to post-WWII buildings throughout suburban Maryland.

What Will This Legislation Cost?

The fiscal impact to this legislation is \$15M: a onetime \$1M appropriation to each of the two pilot programs, a onetime \$2M appropriation to the Small Commercial program, and \$11M in increased funding to the Competitive Commercial program. 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.



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