

THE REHABILITATION OF HISTORIC SCHOOLS ACT OF 2010

Background:

The Federal Historic Preservation Tax Incentives program encourages private sector rehabilitation of historic buildings and functions as a successful community revitalization program. Many of the nation's historic schools, which are anchors in their communities, are in need of significant repairs if we are to provide children with access to safe, modern schools while assisting economically vulnerable areas. Preserving historic public schools encourages economic development in these communities. Critically, the state of our older schools has decayed so far that the National Trust for Historic Preservation placed historic neighborhood schools on their list of America's Most Endangered Places. Although there are a few examples of public-private partnerships using the Federal Historic Rehabilitation Tax Credit to rehabilitate older schools, provisions in the current law have severely limited its use.

The Rehabilitation of Historic Schools Act of 2010 would:

- Amend the law to promote greater leverage of the federal tax credit, allowing communities to partner with the private sector to attract new investment, rehabilitate public K-12 schools, and help revitalize surrounding communities.
- Ensure that the Act is fulfilling its stated goal by requiring that within five years of enactment, the Secretary of the Treasury, in consultation with the appropriate agencies, will report to Congress on the effects of the law.

Why This Bill is Needed:

Currently, a restriction on the prior use of a property limits the ability of local governments to partner with private developers to rehabilitate older public schools through the use of the Federal Historic Rehabilitation Tax Credit. This restriction is a result of a change to a tax-exempt use property provision in the Internal Revenue Code that was intended to prevent abusive tax transactions. Unfortunately, the change also had the consequence of restricting the ability of local governments to use the Federal Historic Preservation Tax for the important public policy objective of rebuilding decaying schools. The Rehabilitation of Historic Schools Act of 2010 will lift this restriction as it applies to K-12 public schools, helping communities to rehabilitate historic schools and bolster local economies. With municipalities across the country struggling to fund school rehabilitation, the Act will provide needed assistance, partner local government with the private sector, create jobs, and give our children the facilities they need to learn and grow.