

## **California Historic Tax Credit Outline**

### **Goal**

- Adoption of a California State Historic Rehabilitation Tax Credit for Commercial and Residential Properties

### **Purpose**

- Encourage public and private investment in historic urban and rural communities across California
- Encourage reinvestment in historic residential neighborhoods and commercial districts
- Promote long term economic growth through sustainable development practices in disinvested and underserved areas

### **Historic State Tax Credits Nationwide**

Effective state programs leverage the use of the federal historic tax credit.

- 31 States have Rehabilitation Tax Credits (2013); 20 of those include owner-occupied residential
- 10 States without (MI and RI lost credits within the last two years)
- 9 States do not tax income

### **Basic Elements**

- Criteria establishing what buildings qualify for the credit
- Standards to ensure that the rehabilitation preserves the historic and architectural character of the building
- A method for calculating the value of the credit awarded, reflected as a percentage of the amount expended on that portion of the rehabilitation work that is approved as a certified rehabilitation
- A minimum amount, or threshold, required to be invested in the rehabilitation
- A mechanism for administering the program, generally involving the state historic preservation office and, in some cases, the state department of revenue of the state department of economic development

### **Pros**

- Treat as economic stimulus and not economic loss
  - Stimulates local economy through job creation, state tax revenues, heritage tourism
  - Helps to increase property values

### **Cons**

- Loss of revenue; however initial loss if offset by generating a more robust tax base from which municipalities and school districts can generate property taxes

### **Initial Actions**

- Establish Core Committee to identify key components of a legislative advocacy strategy (and scope of work)
  - Engage lobbyists
  - Establish a broad based coalition effort
  - Identify legislative author
  - Begin process