

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