Statement of the National Trust for Historic Preservation
Committee on Ways and Means
U.S. House of Representatives
Hearing on “Expanding on the Success of the 2017 Trump Tax Cuts”
April 12, 2024

Chairman Smith, Ranking Member Neal and Members of the Committee,

On behalf of the National Trust for Historic Preservation, thank you for the opportunity to provide testimony as part of the committee’s examination of the Tax Cut and Jobs Act of 2017.

The National Trust for Historic Preservation is a privately funded charitable, educational, and nonprofit organization chartered by Congress in 1949 to “facilitate public participation in historic preservation” and to further the purposes of federal historic preservation laws. The intent of Congress was for the National Trust “to mobilize and coordinate public interest, participation, and resources in the preservation and interpretation of sites and buildings.” With headquarters in Washington, D.C., 28 historic sites, more than one million members and supporters, and a national network of partners in states, territories, and the District of Columbia, the National Trust works to save America’s historic places and advocates for historic preservation as a fundamental value in programs and policies at all levels of government.

The National Trust appreciates the opportunity to offer testimony in support of strengthening the federal historic tax credit (HTC) as the committee considers the need for legislative action before a number of tax policies expire at the end of 2025. For more than four decades, the federal HTC has benefited our communities, created jobs, and preserved significant historic buildings that add character and sense of place to the places we live and work. The National Trust has long articulated the value of this community development incentive and emphasized the need to modernize the credit so that it may continue to effectively serve our communities for generations to come.

Background and Impact of the Federal Historic Tax Credit

The HTC is a well-established and successful incentive for revitalizing historic properties and supporting economic development. The HTC is the most significant financial investment the federal government makes to preserve our nation’s historic buildings. The HTC is a 20% income tax credit applied to qualified rehabilitation expenses for income-producing and certified historic structures, distributed over 5 years (4% per year). The credit generates new economic activity by supporting the creation of public-private partnerships to preserve historic community assets that support business development and local job creation.

1 54 U.S.C. §§ 32001, 312102
The HTC has encouraged approximately $235 billion in private investment since inception to revitalize often vacant and underutilized properties that have a financing gap between what banks will lend and what the project will cost. According to the National Park Service (NPS), the HTC has contributed to the rehabilitation of 49,263 historic buildings, created over 3.2 million jobs, and produced over 199,000 low- and moderate-income affordable housing units. The NPS FY2022 economic impact report further concludes the HTC returns more to the Treasury than it costs, generating $50.3 billion in federal tax revenue from the $44.3 billion in federal tax credits.

**Recommended Improvements to the Federal Historic Tax Credit**

The National Trust strongly supports enacting the Historic Tax Credit Growth and Opportunity Act (HTC-GO)(H.R. 1785, S. 639) introduced by Representatives LaHood (R-IL), Blumenauer (D-OR), Kelly (R-PA), Sewell (D-AL), Turner (R-OH), and Higgins (D-NY) in the House and by Senators Cardin (D-MD), Cassidy (R-LA), Cantwell (D-WA), and Collins (R-ME) in the Senate. HTC-GO includes provisions that will add more value to the HTC, improve access to the credit, and enhance investment opportunities for smaller rehabilitation projects. HTC projects have encountered mounting challenges over the last 10 years. According to rehabilitation industry estimates, the value of the historic tax credit investment has decreased by 20-30%.

Distributing the credit over five years and a rigorous HTC review process, combined with high interest rates and skyrocketing costs of materials and labor, have exacerbated financing challenges associated with historic rehabilitation projects. The important changes sought for the HTC would enhance the value of the credit by encouraging more building reuse and redevelopment nationwide, and would be particularly impactful for small, midsize, and rural communities. HTC-GO provisions would make the credit easier to use, expand eligibility of historic properties, and make it more feasible to create affordable housing.

The National Trust is fully committed to the idea that reuse of older and historic buildings supports housing objectives, promotes sustainable economic revitalization, and enhances the well-being of our communities. Historic tax credit incentives at the state and federal level have proven to be the most effective way to promote preservation and community revitalization through historic rehabilitation. While the benefits of the federal historic tax credit can be seen in communities of all shapes and sizes throughout the nation, there are many more buildings that are poised for reinvestment and reuse.

In 2017, Congress reaffirmed its commitment to investing in our shared heritage by keeping a modified federal historic tax credit in place as a permanent part of the tax code. In the coming months, this committee has an opportunity to continue its work to develop pro-growth

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3 Id. See also, National Park Service, Department of the Interior, Technical Preservation Services and Rutgers University, Edward J. Bloustein School of Planning and Public Policy, “Federal Tax Incentives for Rehabilitating Historic Buildings, Annual Report for Fiscal Year 2023.”
4 Id., at Page 3.
community development tax strategies, including enhancements to the Low-Income Housing Tax Credit and the New Markets Tax Credit, as well as augmenting the federal HTC by advancing the bipartisan solutions included in the Historic Tax Credit Growth and Opportunity Act.

The National Trust will continue its deep engagement with our partners and communities to promote improvements to the federal historic tax credit, and we welcome the opportunity to collaborate with this committee in support of updating this long-standing federal incentive to better reflect the 21st century needs of our communities.

Sincerely,

[Signature]

Vice President of Government Relations and Policy
National Trust for Historic Preservation