

MICHIGAN HISTORIC PRESERVATION NETWORK



Reinstatement of Historic Preservation Tax Credit Introduced in Michigan Senate and House

A bill to reinstate the Michigan Historic Preservation Tax Credit has been introduced both in the State Senate and in the State House of Representatives. Senate Bill 469, sponsored by Sen. Wayne Schmidt (R-37, Traverse City), and House Bills 5117 and 5178 (Rep. Stephanie Chang and Rep. Ben Frederick, respectively) would reinstate the popular program that offers a credit of up to 25 percent of rehabilitation expenses against state income tax liability.

The tax credit, which was an integral part of building restoration projects from Detroit to Menominee, was phased out in 2011 as part of the Snyder administration's plan to eliminate most tax credits. Over the program's 12-year life, the credits leveraged \$251 million in federal tax credits, led to the creation of 36,000 jobs, and incentivized \$1.46 billion in direct rehab expenses.

These bills will bring back one of the most valuable tools to level the financial playing field for historic preservation projects – and the only tool available for those restoring owner-occupied homes. Historic preservation projects have been a key part of nearly every successful “revitalization” story in Michigan, and have helped make Michigan places more attractive, more economically viable, and more emotionally engaging with both residents and visitors. This tax credit is a powerful tool to save historic resources and improve communities.



Two buildings that were rehabilitated using the state historic preservation tax credit--the Knapps Building, Lansing (left), and a house in Kalamazoo (right). (Photos courtesy of the State Historic Preservation Office.)

The economic impacts of this historic preservation economic development tool are well documented:

- Each \$1.00 of credit issued leverages \$11.37 in direct economic impact.
- The state historic preservation tax credit has leveraged \$251 million in federal historic tax credits. These are federal dollars coming back into Michigan's economy!
- Michigan historic tax credits make formerly impossible projects feasible. They put underutilized and core urban real estate back on local and state tax rolls.

These programs are used to fill gaps in the financing of rehabilitation real estate projects and are issued only after rehabilitation expenses are incurred. Therefore, projects generate significant economic impact and state and local tax revenue before the credits are issued.

Michigan's historic tax credit program is one of the state's most useful tools for revitalizing older communities. The credits make rehabilitation projects possible, and those projects drive economic growth in Michigan.

Resources

Senate Bill 469 available at:

http://www.mhpn.org/wp-content/uploads/2016/02/2017-SIB-0469_6.23.2017.pdf

Michigan State Senate lookup at: <http://www.senate.michigan.gov/fysbyaddress.html>

Senate Finance Committee membership available at:

<http://www.senate.michigan.gov/committee/finance.html>

House Bill 5117 available at: <http://www.legislature.mi.gov/documents/2017-2018/billintroduced/House/pdf/2017-HIB-5117.pdf>

House Bill 5178 available at: <http://www.legislature.mi.gov/documents/2017-2018/billintroduced/House/pdf/2017-HIB-5178.pdf>

June press release available at: http://www.mhpn.org/wp-content/uploads/2016/02/MHPN-Backs-Newly-Introduced-State-Tax-Credit-Legislation_06.24.2017.pdf

Some successful case studies available at: http://www.michigan.gov/mshda/0,4641,7-141-54317_19320_76313---,00.html

For Additional Information

Nancy Finegood, MHPN Executive Director
(517) 371-8080/ finegood@mhpn.org