



March 25, 2019

Senator Michael Dembrow, Chair  
Senate Committee on Environment and Natural Resources  
900 Court Street NE, HR C  
Salem, OR 97301

Dear Senator Dembrow and Committee Members:

***RE: in support SB 929, Preservation, Housing and Seismic Safety Act***

On behalf of the Oregon members of the National Trust for Historic Preservation, thank you for the opportunity to testify about the benefits that state historic tax credits could bring to Oregon.

My colleague Shaw Sprague and I recently surveyed all 35 states that offer historic tax credits, including the seven states that have enacted a credit program in the past five years, and summarized the findings in the “*State Historic Tax Credits: Maximizing Preservation, Community Revitalization, and Economic Impact*” report. We found that these incentives are **successful at attracting private investment to older downtowns and neighborhoods because they fill a critical need in the redevelopment process**. According to the Ohio Development Services Agency, for example, more than 80% of historic buildings were fully vacant prior to the rehabilitations enabled by the state’s historic tax credit. We also found that state legislatures are also ensuring efficient use of state funds by requiring all the private investment occur before releasing any tax payer dollars.

We also found that states are successfully using these incentives to address specific challenges including housing creation in Maine, Connecticut and Delaware. While some state historic tax credits address reuse of specific building types, like former textile mills in North and South Carolina, **Oregon would be the first in the nation to encourage seismic retrofitting with the passage of SB929**.

Historic tax credits **create jobs because rehabilitation is labor intensive**. Rehabilitation project costs are on average 60 percent labor and 40 percent materials compared to new construction, which is about 40 percent labor and 60 percent materials.<sup>1</sup> Moreover, labor is usually hired locally and often includes higher-paid craftsmen skilled at repairing historic windows, plaster, masonry, and flooring.

Other studies have found that **approximately one-third of the state’s investment is paid back during this construction phase – before any tax credit is released**. For example, the Maryland Governor’s Task Force found that for every \$1 paid out by the state, \$0.34 was returned during the construction phase.<sup>2</sup> Studying Ohio’s historic tax credit, Cleveland State University found that Ohio received \$0.33 for every dollar invested because of state taxes on construction labor and materials.<sup>3</sup> A study of 25 rehabilitation projects undertaken with Wisconsin historic tax credits in 2014, estimated that the state would receive \$0.40 for every dollar during the construction phase and would be completely paid back its 2014 investment in seven years<sup>4</sup>.

For these reasons, the National Trust urges your support of SB 929. Our research shows that historic tax credits are successful at attracting private reinvestment dollars, in a fiscally responsible way, to abandoned or under-utilized historic buildings and returning them to productive use.

Sincerely,

Renee Kuhlman, Director of Policy Outreach  
National Trust for Historic Preservation  
2600 Virginia Avenue, NW, Washington, DC

---

<sup>1</sup> *The Economics of Historic Preservation: A Community Leader’s Guide* by Donovan D. Rypkema, University of Virginia Press, 2015

<sup>2</sup> *Final Report of the Governor’s Taskforce on Maryland’s Heritage Structures Rehabilitation Tax Credit*, 2004

<sup>3</sup> *Economic Impacts of Ohio’s Historic Tax Credit*, Ohio Development Services Agency, 2013

<sup>4</sup> <http://www.development.ohio.gov/files/redev/OHPTC%20Economic%20Impact%20Study%20-%20May%202011.pdf>

<sup>4</sup> *Wisconsin Historic Tax Credit Impact Analysis*, Baker Tilly, May 2015