



P R E S E R V A T I O N

Action

FEDERAL COMMERCIAL REHABILITATION TAX CREDIT BILLS INTRODUCED

IN HOUSE AND SENATE

Summary of H.R. 3715 / S. 1743

Community Restoration and Revitalization Act

*Sponsors: Rep. Allyson Schwartz (D-PA), Sen. Blanche Lincoln (D-AR)
Enhancements to the existing commercial rehabilitation tax credit,
including provisions to encourage energy efficiency.*

Enables Smaller Projects

The bill will offer a 30% tax credit for qualified rehabilitations of \$5 million or less. This should make a number of projects more economically viable and have a positive impact on Main Streets nationwide.

Allows Credit to be Transferred

People without the income to take advantage of the tax credit could sell them to finance the rehabilitation (\$5 million or less).

Encourages More Downtown Residents

While the existing 20% historic tax credit is available for any income producing property, including residential, the similar 10% credit available to "older buildings" that don't qualify as historic, is not. The bill would remedy this, encouraging more residents in downtown areas.

Redefines "older buildings"

The term "older buildings" is currently defined as those placed in service in 1936 or before. The bill changes the definition to 50 years old or older.

Relaxes Restrictions on Non-Profits

Currently, the tax credit can not be used by organizations that have "sale leasebacks," leases in excess of 20 years, a sales option, or who are taking part in any tax-exempt rehabilitation financing. The bill proposes that only "sale leasebacks" be precluded from taking the historic tax credit, making it available to the other three.

Increases Credit for Energy Efficiency

Recognizing the need to address energy efficiency and the challenges faced by historic properties, the bill provides an additional credit of \$2 to \$5 (not exceeding 50% of the total qualified rehabilitation expenditures), depending on the percentage of energy savings achieved.

Reduces Substantial Rehabilitation Requirements

In markets with high real estate values, some projects are precluded from using the tax credit because the rehabilitation does not equal 100% of the adjusted basis. By lowering the requirement to 50% of the adjusted basis, more projects can qualify.

Exempts State Tax Credits From Federal Income Tax

State Historic Tax Credits (where available) are in most cases considered taxable income by the Internal Revenue Service. The bill would exempt the state tax credits from federal income tax unless the individual taxpayer elects to report it as income.

**PLEASE CONTACT YOUR CONGRESSMAN AND SENATOR TODAY TO
SUPPORT THIS IMPORTANT BILL:**

House and Senate cosponsors from Illinois as of November 16, 2009

include: Rep. Michael Quigley (D-5, Chicago), Rep. Jan Schakowsky (D-9, Evanston), Rep. Danny Davis (D-7, Chicago/Oak Park), Rep. Jerry Costello (D-12, Belleville).

Please have copies of support letters sent to Landmarks Illinois, so we can track support to all legislators. Thank you for your help. If you have any questions, contact Lisa DiChiera, Director of Advocacy at dichiera@lpci.org or 312-922-1742.

For more information, visit www.preservationaction.org or www.landmarks.org/how_fed_issues.htm