Editorial: Yes to historic tax credits

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Two Illinois lawmakers are driving bills to create an economic development engine we believe will preserve historic structures, create jobs in our community and pay for itself in the long run.

That's why public-private development agencies including Renew Moline have been pushing for the expanded state historic tax credits contained in a bill filed Tuesday by state Rep. Frank Mautino, D-Spring Valley. It is similar to one which passed the Senate handily in April.

The bill would allow a credit up to $3 million per project on state income taxes equal to 20 percent of the qualified cost of an historic rehabilitation. That mirrors the 20 percent tax credit offered by the federal government. Historic credits already exist in Illinois, but only for five cities, and those will expire soon. Success stories from that limited experiment, as well as in the 32 states which offer tax credits for re-purposing historic structures, offer plenty of reasons not only to renew existing credits, but to expand them. Here in the Illinois Quad-Cities, the need for this key incentive, which already is available and generously applied in Iowa, is apparent.

"As an Illinois border community, Moline has had many opportunities to experience the impacts that not having the availability of state historic credits mean from a development perspective," said Janet M. Mathis, executive director of Renew Moline. "All development contains risk, maybe more so in historic renovation with the uncertainties of what will be found once work on the building begins. State historic tax credits often offer just enough security to help make the decision to go forward with one of these projects."

On the flip side, their absence can hurt. All one has to do is look at the success stories on the Iowa side of the Quad-Cities for proof.

"Our local developers have choices," Ms. Mathis said. "Without state historic tax credits, Moline and other Illinois communities are at a competitive disadvantage, giving potential investors in our communities incentives to choose to complete historic adaptive reuse across the river first."

Leveling the playing field here will help, but the payoff statewide is equally significant, according to a recent study by Landmark Illinois.

The Economic Development Opportunities from an Illinois Historic Tax Credit found that Illinois would spur as much as $10.24 in economic impact for each dollar in historic tax credits awarded during the construction phase, and up to $11.47 per $1 in the first five years after completion.

The state would capture new income and sales tax revenues before it even hands out the income tax credit and only restorations which meet strict guidelines would qualify so the private developer bears the risk of projects not taxpayers. Cities also could collect increased property and sales taxes.

Bonnie McDonald, president and CEO of Landmarks Illinois, says neighboring states already use historic tax credits to lure development inside their borders. "We are the 'hole in the donut' in our region and developers and investors will continue to choose to invest in those states over Illinois until we too can provide the gap incentive to make construction possible," she said.

The credits could also be a boon to aging downtowns in small communities throughout the state and backers say preservation is a green choice because some old building and materials won't end up in landfills.

We've seen more than one recent local example of that with demolition of Rock Island's Lincoln and Audubon schools.

Ms. Mathis said local lawmakers have been supportive of the tax credit. Sen. Mike Jacobs, D-East Moline, for example, voted yes for the bill that passed the Senate last spring. He said then he wanted to see it used for rehabbing buildings like Audubon and Moline's downtown Carnegie Library.

It's too late for Audubon, but not for the Carnegie and a host of others.

The legislation creating the Illinois historic tax credit failed to make it to a vote in the House last year purportedly because lawmakers were focused on pension reform. That is no longer an excuse for inaction, so we urge Speaker Michael Madigan to call this job-creating economic development engine for a vote.