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Ways and Means Committee

Education Subcommittee

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB0865- Historic Revitalization Tax Credit – Small Commercial Projects – Alterations
Hearing: February 18th, 2021 1:30PM Ways and Means Committee

Chairman Kaiser, Vice Chair Washington and Members of the Ways and Means Committee,

Today, I am pleased to be the sponsor of legislation before this committee that will help extend the life of the Small Commercial program of the Historic Revitalization Tax Credit, which encourages private investment in the rehabilitation of more modest, Main Street-scale historic structures. The program has been incredibly successful, but, unfortunately as a result of that success, it has reached its initial authorization amount and is currently without funding. This legislation replenishes funding for the program that is poised to be effective aid for economic recovery.

Preserving our historic places is not a partisan issue. Each district we represent has its own important history – and historic built environment worth preserving. HB 865 will help safeguard our state’s past and invest in our communities’ futures. The proposed legislation increases the authorized amount of historic tax credits that the Maryland Historical Trust can issue to small commercial projects by \$1 million. The program’s original authorized limit of \$4 million in credits has been reached.

Funding projects all across the state, Maryland’s Historic Revitalization Tax Credit has a proven track record of catalyzing neighborhood revitalization projects. Established in 2015, the Small Commercial historic tax credit program focuses on encouraging the redevelopment of small scale and Main Street projects taken on by individuals or small developers. The program received an initial authorization of \$4 million, with a per-project cap of \$50,000 in credits in a 24-month period. Recent policy changes to the program, such as no longer requiring a commercial component, have made it popular as a key neighborhood revitalization tool, with over 100 projects throughout Maryland utilizing the program since 2015. As a result, the initial authorization amount has been depleted, and the program can no longer issue credits. This has left many shovel-ready projects unable to move forward. Fortunately, we can address this problem.

The economic benefits associated with the use of the historic tax credit in Maryland have been well documented. According to a report by the Abell Foundation, for every \$1 of tax credits issued through the Historic Revitalization Tax Credit, \$8.13 of economic activity is generated. An increase in the authorized amount for this program by \$1 million is anticipated to result in the

generation of over \$8 million and the creation of new jobs during the construction period. As the General Assembly focuses on economic recovery in the face of the Covid-19 pandemic, it is important to note that historic preservation projects encourage private investment in the revitalization economy, help generate state and local tax revenue, and increase the property value of the project and surrounding properties. The funding authorized by HB 865 will allow the Small Commercial program of the Historic Revitalization Tax Credit to continue to be an effective and powerful community revitalization and economic recovery tool in every district across Maryland.

Thank you for your consideration of this important legislation, and I urge the committee to move the bill with a favorable report.

Delegate Stephanie Smith