

Testimony of Elly Colmers Cowan
Director of Advocacy, Preservation Maryland

Before the
House Ways and Means Committee
February 20, 2020

Pertaining To: HB759, Historic Revitalization Tax Credit – Expansion– Rehabilitations of
Common Elements of Condominiums
Favorable

On behalf of the staff and Board of Directors of Preservation Maryland and our thousands of statewide supporters, I thank you for the opportunity to provide testimony on the value of history and preservation in Maryland.

Preservation Maryland is the statewide voice for historic preservation that works to protect the best of Maryland. Since 1931, we have worked tirelessly to protect the places, stories and communities in Maryland that matter.

The small commercial historic tax credit program of the Historic Revitalization Tax Credit is managed by the Maryland Historic Trust and provides a state income tax credit for 20% of any qualified rehabilitation expenditures on smaller commercial rehab projects, not exceeding \$50,000 in a 24 month period. This allows more modest main-street type projects taken on by individuals or small development companies to receive the credit, where they would most likely not be funded in the large commercial competitive program. The small commercial tax credit received a one-time funding of \$4 million when it was established. The historic tax credit has been shown to encourage private investment and raise the property value of the project by an average of 25%.

HB759 expands the definition of projects that qualify to use the Small Commercial program of the Historic Revitalization Tax Credit to include common areas in condominium buildings. Last year, the definition of what qualified as a small commercial project was expanded to include residential commercial projects, such as row-house redevelopments. While owners of condominiums are allowed to utilize the residential historic tax credit for any historic rehabilitation projects on their homes, the condominium building itself, the façade, lobby, roof, etc., did not qualify for the small commercial credit. The changes made by HB759 simply make sure that the expansion of the program last year includes historic condominium common areas.

It is important to note, however, that the small commercial historic tax credit program received a one-time \$4 million appropriation, but because of recent policy changes, such as no longer requiring a commercial component and the popularity of the program as a key neighborhood revitalization tool, the small commercial program is running out of money. As it stands now, the Maryland Historical Trust believes that there is money left for only 20 more projects until no

funds remain, with applications coming in for that funding any day now. Therefore, I urge the committee to consider the need to replenish the small commercial tax credit. Soon there will no longer be funds remaining for any small commercial historic rehabilitation projects, like those that would be enabled by this bill.

I urge a favorable report on HB759