

SB447-Preservation Maryland-Elly Cowan-FAV.pdf

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Testimony of Elly Colmers Cowan
Director of Advocacy, Preservation Maryland

Before the Senate Budget and Taxation Committee
February 3, 2021

Pertaining To: **SB447, Historic Revitalization Tax Credit – Certified Historic Structure and Single-Family,
Owner-Occupied Residence - Definitions**
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.

Preservation Maryland strongly supports SB 447, which would expand the use of the Historic Revitalization Tax Credit to include structures that are part of the Department of Natural Resources' Resident Curatorship Program.

The Resident Curatorship Program was begun in 1982 as a way to preserve state-owned historic resources. As the largest landholder in the state, the Department of Natural Resources (DNR) owns many historically significant sites and structures. Some of these, like Fort Frederick in Washington County or Rock Run Mill in Harford County, are operated as museums, while others are used for park operations and staff housing. Unfortunately, given the realities of tight budgets and an excess of buildings, not all of the historic structures in the department's portfolio can be maintained - this is where the Resident Curatorship Program comes in.

Rather than allow these historically significant properties to fall into ruin, the Resident Curatorship Program offers them to the public for long term lease in return for restoration work. Curators are responsible for all costs associated with restoration and maintenance of the property but receive life tenancy free of rent in exchange for that work and financial investment. Since its inception in 1982, the program has grown to include 48 properties throughout the state and has leveraged over \$11.6 million dollars of private investment in state owned real estate.

Unfortunately, under the current definition of "certified historic structure" within the Historic Revitalization Tax Credit, the resident curators who are taking on costly rehabilitation work are unable to utilize the residential tax credit, which is a 20% credit of the cost of qualifying rehabilitation projects. Thankfully, the changes made by SB 447 would correct this by expanding the definition of qualifying properties to include those that are a part of the Resident Curatorship Program. The resident curators are helping the state maintain priceless historic resources and taking on the financial burden of rehabilitation projects that the state's residential historic tax credit was created to encourage.

Therefore, I respectfully urge a favorable report on SB 447.

SB 447 Bill Report-4.pdf

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Larry Hogan, Governor
Boyd Rutherford, Lt. Governor
Jeannie Haddaway-Riccio, Secretary

February 3, 2020

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

***Re: Letter of Support – Senate Bill 447 – Historic Rehabilitation Tax Credit
– Certified Historic Structure – Definition***

Dear Chair and Committee Members,

The Maryland Department of Natural Resources supports Senate Bill 447. This bill would expand the eligibility for the Maryland Historical Trust's Historic Rehabilitation Tax Credit by altering the definition of "certified historic structure" to include participants in the department's Resident Curatorship Program.

The department owns approximately 495,000 acres of land throughout the state and a number of historically significant sites and structures. In order to maximize the number of these historic properties that are preserved and shared with the public, the department, through the Maryland Resident Curatorship Program, seeks public-private partnerships for the funding, maintenance, and interpretation of select structures. The Maryland Resident Curatorship Program offers curators the right to lifetime occupancy in an historic property in exchange for restoring it, maintaining it in good condition, and periodically sharing it with the public.

The Curatorship program currently includes 42 residential properties that could potentially benefit from this legislation (see attachment). The requirements of the curatorship agreements stipulate the property be rehabilitated and restored to applicable standards regardless of financial incentives curators may or may not be eligible for.

Because curators never take title to the property, they are not able to access traditional forms of lending to finance rehabilitation projects. This means curators need to cobble together financing from different sources; most commonly the sale of a property they own or taking a line of credit against other privately owned property. This results in projects sometimes taking longer than they might have otherwise with more dependable lending options or other financial incentives. With the passage of SB 447, the 20% credit offered through the Historic Rehabilitation Tax Credit will enable existing curators to

stretch their money further in preserving eligible historic structures, as well as become a valuable incentive to attract new curators.

For these reasons, the department respectfully requests the committee to grant SB 447 a favorable report.

Respectfully submitted,

James W. McKitrick
Director, Legislative and Constituent Services

The Widmeyer House - Washington County



Before



Today

The Widmeyer or Kaylor House was built in the late 19th century and is an excellent example of vernacular Victorian architecture in western Maryland. The balloon framed building sits on a stone foundation and has a typical double pile, center hall plan. The property was purchased by DNR in 1974. After falling into a state of disrepair, the department offered it as a curatorship and in 1999, the property was taken on by its current curators. Since that time, the curators have been diligently working to restore the house to its former glory investing over \$87,000 to date. While there is still more work to be done, the curators' attention to detail and high standards of craftsmanship are truly remarkable. We hope that the availability of Rehabilitation Tax Credits will help the curators complete their ambitious project and ensure the preservation of this historic property for many years to come.

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