

Testimony of Elly Colmers Cowan
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Before the House Ways and Means Committee
January 26, 2022

Pertaining To: **HB202, Historic Revitalization Tax Credit – Substantial Rehabilitation – Threshold Amount 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. Our aim is that, in preserving our past, we ensure an economically sustainable future for *all* Marylanders.

As such, I am pleased to offer our support for House Bill 202, and I thank Delegates Carr and Lehman for sponsoring it. This bill would make the Homeowners (or Residential) program of the Historic Revitalization Tax Credit (HTC) more accessible to low-income households by changing the definition of “substantial rehabilitation” from \$5,000 to \$2,500 for households that have received the Homeowners’ Property Tax Credit Program in the last 3 years.

The residential HTC is a program administered by the Maryland Historical Trust through which homeowners can earn a state income tax credit for renovating their historic homes. The tax credit offers up to 20 percent of eligible rehabilitation costs. These credits can be used to offset the cost of repairs such as: roof repair and replacement, chimney repair and lining, window restoration, new storm doors/windows, masonry repointing, and floor refinishing. Over 45,000 homes potentially qualify for the credit every year, and it has been a successful program in helping owners of historic homes to make needed improvements. Through HB202, we hope to increase that success by making it accessible to more households across the state.

The residential credit program operates as a traditional tax credit program without limit on the number of credits that can be annually awarded, but with a maximum credit of \$50,000 per project. Under current law, a residential project must have at least \$5,000 in eligible expenses to qualify. Unfortunately, this could pose a barrier to use for low-income homeowners, and HB202 seeks to address that issue by lowering that threshold to \$2,500 for certain households.

This legislation will allow homeowners to qualify for the lower repair threshold for the residential HTC if they show that they have received the Homeowners’ Property Tax Credit in the last 3 years. The Homeowners’ Property Tax program allows credits against the homeowner's property tax bill if the property taxes exceed a certain fixed percentage of the person's gross income. In other words, it sets a limit on the amount of property taxes any homeowner must pay based upon their income.

We believe that the Homeowners' Property Tax Credit could serve as a good litmus test, with little administrative burden, for a lower project threshold to encourage lower-income households to take advantage of the residential Historic Rehabilitation Tax Credit. Therefore, I respectfully urge a favorable report on HB202.