

ERIC LUEDTKE
Legislative District 14
Montgomery County

MAJORITY LEADER

Ways and Means Committee
Chair, Revenues Subcommittee



The Maryland House of Delegates
6 Bladen Street, Room 350
Annapolis, Maryland 21401
301-858-3110 • 410-841-3110
800-492-7122 Ext. 3110
Fax 301-858-3053 • 410-841-3053
Eric.Luedtke@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SPONSOR TESTIMONY

House Bill 27 - Historic Revitalization Tax Credit – Funding and Extension

Madame Chair, Members of the Ways and Means Committee,

Maryland's Historic Revitalization Tax Credit (HRTC) is a catalyst of economic growth and a key tool for neighborhood revitalization. Each district in our state has its own important history worth preserving. House Bill 27 will build upon the success of this powerful community investment tool by safeguarding our state's past and investing in our communities' futures.

The HRTC program encourages private sector investment in the rehabilitation and re-use of historic buildings to promote investment in local economies. The program allows eligible projects to earn a state income tax credit equal to 20% of qualified rehabilitation expenditures. This can have a major impact in incentivizing investment and has shown to bring incredible returns. One study found that the HRTC program returns a breathtaking \$8.53 for every \$1 invested. Job creation as a result of the program is also significant with 72.5 jobs being created for each \$1.0 million investment by the state. This is a particularly compelling statistic since the greatest return on investment comes from the long-term employment and increases in property value that these renovations create.

The HRTC encourages investment in communities around the state by requiring that for every \$1 of state funds invested, there must be \$5 in renovation expenses paid into the economy. This is part of the reason why the return on investment is so significant. Truly, this program draws investment into communities that would otherwise be passed on by developers.

House Bill 27 extends the life of the HRTC program until FY2031 so that the credits can continue to bring investment into our communities. In addition, the proposed legislation creates the Small Commercial Project Trust Account within the program's Reserve Fund and annually funds it at \$4M beginning in FY24. The bill further establishes a minimum funding amount for the large Competitive Commercial historic tax credit: \$24M in FY25-FY26 and \$36M in FY2027 through FY2031.

This legislation will allow the HRTC programs to continue to be effective and powerful community revitalization and economic recovery tools 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Luedtke". The signature is written in a cursive style with a large initial "E".

Delegate Eric Luedtke

\