In the 2018 elections, House Democrats won a sufficient number of seats to flip the balance of power in the House and provide some cushion beyond the 218 seats needed for the majority. However, Republicans did fare better in the Senate. There are multiple races still undecided, but Republicans could increase their majority over the 51 Senators presently seated in the 115th Congress.

With a divided government coming in January, Republicans see an opportunity to pass key legislation during the year-end “Lame Duck” session while they still hold majorities in each chamber. Since standard Senate procedures requiring 60 votes will apply, passage of these priorities will require bipartisan support of Senate Democrats and collaboration with the House Republicans.

Last year, industry and preservation advocates worked with many Members of Congress to retain the Historic Tax Credit (HTC) in a reformed tax code. While they were successful in keeping the HTC as a permanent tax credit, the HTC is now taken over 5 years, resulting in a loss of value.

Rep. Darin LaHood (R-IL), Rep. Earl Blumenauer (D-OR), Sen. Cassidy (R-LA), and Sen. Cardin (D-MD), introduced legislation last June to enhance the credit with the “Historic Tax Credit Enhancement Act” (HTCEA), H.R. 6081 and S. 3058. This bill would eliminate the basis adjustment requirement for HTC transactions. Presently a property’s basis (value for tax purposes) must be reduced by the amount of HTCs claimed and is therefore entitled to fewer tax benefits. This change would enhance the value of all HTC transactions, attract more capital from tax credit investors, simplify how the credit functions, and improve how the credit pairs with other economic development programs such as the Low-Income Housing Tax Credit and new Opportunity Zone incentive.

Bill sponsors anticipate an opportunity to attach the HTCEA language to a larger legislative package that could possibly move through Congress during the year-end Lame Duck session. Support for the legislation needs to come from both sides of the aisle to improve its chances of enactment.

Please continue to contact your Members of Congress and encourage them to Co-sponsor the HTCEA and ask legislators to include the bill in year-end legislation. To see if your member has co-sponsored, go to H.R. 6081 and S. 3058.

To locate the name and phone number of your House Representative go to: http://www.house.gov/representatives/find/

To locate the names and phone number of your Senators go to: http://www.senate.gov/general/contact_information/senators_cfm.cfm?OrderBy=state&Sort=ASC

Or call the Capitol Switchboard at 202-225-3121 and asked to be connected to your Senators’ or House Member’s DC office.

Call (during office hours) the offices of your Members of Congress. Ask to speak to tax staff, your staff contacts in offices or ask for email addresses of tax staff.

Talking Points
• The Historic Tax Credit (HTC) provides owners of historic buildings with an incentive to invest in the difficult task of rehabilitating their properties according to the Secretary of Interior’s Standards for Rehabilitation.

• While the 20 percent historic tax credit was maintained in the final tax reform bill, it was modified, reducing the amount of reinvestment flowing into our historic communities and neighborhoods.

• Presently, the tax code requires that building owners subtract the amount of HTCs from a building’s basis (the amount a property is worth for tax purposes). Eliminating this requirement will increase the basis of rehabilitated historic buildings for building owners, provide additional tax benefits, and attract more capital from tax credit investors. Rep. LaHood (R-IL), Rep. Blumenauer (D-OR), Sen. Cassidy (R-LA), and Sen. Cardin (D-MD) have introduced the Historic Tax Credit Enhancement Act (H.R. 6081 and S. 3058) to eliminate the basis adjustment for federal HTC transactions.

• This legislative change would preserve the vast majority of savings achieved by the Tax Cut and Jobs Act and bring the HTC in line with the Low-Income Housing Tax Credit, which does not require a basis adjustment.

• Enacting this legislation will strengthen the credit and improve the incentive for building owners who are revitalizing historic properties in communities nationwide and improve how the credit pairs with other economic development programs such as the Low-Income Housing Tax Credit and new Opportunity Zone incentive.

• Please co-sponsor the Historic Tax Credit Enhancement Act, sponsored by Cassidy/Cardin in the Senate (S. 3058) and LaHood/Blumenauer in the House (H.R. 6081) and support including this bill in year-end legislation.

Please share responses and outcomes of your advocacy or contact HTC Campaign staff members with NTCIC and the National Trust for assistance in contacting your Members of Congress.

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