

*In this issue ...*

House-Passed  
Stimulus Includes  
Elements  
Proposed in  
Preservation  
Stimulus Package

Older Schools,  
Low-Income  
Housing and  
Federal Buildings  
Targeted for  
Renovation and  
Repair as well as  
Energy Efficiency  
Upgrades and  
Retrofits

## ***FEDERAL UPDATE***

### House Passes Economic Stimulus Package Without GOP Support

The House passed an \$816 billion economic stimulus package by a margin of 244-188 that did not include a single Republican member vote on January 28<sup>th</sup>. The American Recovery and Reinvestment Act (H.R. 1) includes elements that track closely with the National Trust's proposed preservation stimulus package.

The Senate completed marking up its version (S. 1) of the stimulus plan this week which closely mirrors the House, but includes a one-year patch for the Alternative Minimum Tax (AMT). Under previous tax law, the Alternative Minimum Tax (AMT) increased the cost of implementing housing programs financed in part with tax-exempt housing bonds for projects utilizing both the low-income and federal rehabilitation tax credits. However, Congress passed a housing and economic recovery bill (P.L. 110-289) last year that allows the low-income housing tax credit and the rehabilitation tax credit to be used to offset the AMT and ensure that interest on tax-exempt housing bonds is not subject to the tax.

The Senate is expected to vote on their version of the stimulus package next week and then proceed directly to conference with the House to reconcile the differences between the two bills. The AMT patch raised the cost of the Senate bill to \$888 billion.

Below is a summary of the provisions in the House-passed bill and some in the Senate mark up that correspond to policy topics areas below and more extensively mapped out in the National Trust's stimulus plan, which is available for review at <http://www.preservationnation.org/take-action/advocacy-center/platform/economic-stimulus.html>.

### Summary Provisions of Trust Stimulus Package in H.R. 1 and S. 1

1. *Renewed Investment in America's Historic and Older Public Buildings and Infrastructure*
  - \$14 billion for a School Modernization and Repair Program. \$1.5 billion for energy sustainability and efficient grants and loans to help school districts, institutes of higher education, local governments and municipal utilities implement projects that will make them more energy efficient.
  - \$6.7 billion for renovations and repairs to federal buildings with at least \$6 billion focused on increasing energy efficiency and conservation.
  - \$25 billion for Financial Assistance for National Recovery Zones to create two new types of bonds: recovery zone infrastructure bonds and recovery zone facility bonds. 1) Recovery zone infrastructure

Increased  
Funding for  
CDBG,  
Neighborhood  
Stabilization and  
New Markets Tax  
Credits to Spur  
Main Street  
Reinvestment  
and Community  
Development

Expanded Energy  
Efficiency Tax  
Credit Included  
for Existing  
Homes for Energy  
Efficiency  
Retrofits

bonds would be a new type of tax credit bond which would be used to finance public infrastructure improvements within national recovery zones that would facilitate economic development within that zone. 2) Recovery zone facility bonds would be a new type of tax-exempt private activity bond for capital investments in a national recovery zone.

- \$16 billion to perform energy-efficient retrofitting of public and low-income housing
  - \$6.9 billion for Local Government Energy Efficiency Block Grants to help state and local governments make investments that make them more energy efficient.
  - \$2.5 billion for a new program to upgrade HUD-sponsored, low-income housing to increase energy efficiency, including new insulation, windows and furnaces (funds to be competitively awarded).
  - \$6.2 billion to weatherize low-income homes.

### 2. *Main Street Reinvestment Grants for Strengthening Communities*

- \$4.2 billion for neighborhood stabilization to help communities purchase and rehabilitate foreclosed, vacant properties in order to create more affordable housing and reduce neighborhood blight.
- \$1.5 billion for HUD's HOME investment Partnerships to help local communities building and rehabilitate low-income housing using green technologies (funds distributed by formula)
- \$1 billion for Community Development Block Grants for community and economic development projects.
- \$1.05 billion annual increase in the New Markets Tax Credit to spur community development

### 3. *Historic Tax Credit Improvements for Jobs, Housing and Investment*

The National Trust proposed an expansion of the non-business energy tax credit under Sec. 25C of the Internal Revenue Code to fund not only new equipment, such as Energy Star-rated hot water heaters or new windows, but also include the labor and material costs of more traditional weatherization in existing residences — such as retrofitting windows and doors and insulating walls, for example. This credit was originally created under Section 1333 of the Energy Policy Act of 2005, and the Trust proposed increasing the 10% credit capped at \$500 to a 20% credit with a maximum cap of \$5,000 to provide enough incentive for owners of homes 30 years or older to make appropriate energy-efficiency retrofits. The House and the Senate economic recovery packages include a modified

Lincoln  
Amendment to  
Senate Stimulus  
Bill Could Provide  
Major Expansion  
of Federal  
Rehabilitation  
Credit for  
Projects  
Nationwide

SHPOs and Tribes  
Receive \$55  
Million in Senate  
Stimulus Bill

Historic Buildings  
and Cultural Sites  
within NPS  
Receive \$200  
Million for  
Preservation and

version of the Trust's proposal for the non-business energy tax credit that would increase its value to 30 percent for 2009 and 2010 and set the per-dwelling limit of \$1,500 per taxpayer. The provision is scored at \$4.3 billion over ten years.

The National Trust is also working with Senator Blanche Lincoln (D-AR), who sponsored the "Community Restoration and Revitalization Act of 2007" in the 110<sup>th</sup> Congress, to introduce an amendment to the Senate's stimulus package that would make some of the changes to the federal rehabilitation tax credit advocated by the National Trust, including:

- Increasing the rehab credit for small deals to 40% in which qualified rehab expenditures do not exceed \$2 million;
- Allowing the 10% credit non-historic credit to be used for rental housing - inside Difficult to Develop Areas (DDAs) and Qualified Census Tracts (QCTs) - and changing the rule in the tax code allowing buildings built after 1936 (that are at least 50-years old) to be eligible for the rehab credit;
- Increasing the 20% historic and 10% non-historic credits to 26% and 13%, respectively, nationwide; and
- Eliminating any recapture that results from foreclosure.

#### 4. *Historic Preservation Fund Emergency Jobs Program*

- \$50 million provided to the States and \$5 million for the Tribes in the Senate bill (S. 1). No similar provision in the House bill.

#### 5. *Federal Incentive Funding for State Rehab Tax Credit Programs*

- No funding was provided in either the House or Senate bill to bolster existing state rehab tax credits.

#### 6. *Disaster Assistance for Iowa and Texas*

- No direct grant assistance was provided for historic buildings in the flood disaster areas in Iowa and Texas. However, these areas would benefit from the Trust's proposed increase in the federal rehab credit to 26% and 13%. In addition, these areas are potentially eligible for the National Recovery Zone Bonds included in the House bill, which were expanded to include any area of "general distress", rather than areas hit specifically by job losses.

#### 7. *Public Land Investments for Jobs, Energy Delivery and Revitalization*

- \$3.1 billion for infrastructure projects on federal lands, including \$200 million for the preservation and repair of buildings of cultural and historic importance within the National Park Service. Overall, \$1.8 billion will be provided for operation of the National Park Service,

### Repair

including \$325 million for the Bureau of Land Management.)

### Omnibus Lands Package with Key Historic Preservation Bills Faces Close Vote Under Suspension Before Presidents Day Recess

#### Omnibus Lands Package Vote Showdown Expected in House

The “Public Lands Management Act of 2009” (S. 22), which contains important historic and cultural resources preservation bills individually authorizing the Save America’s Treasures (SAT) and Preserve America (PA) programs, as well as the National Landscape Conservation System under the Bureau of Land Management (BLM), is headed for a close vote in the House in sometime before the Presidents Day Recess in February. S. 22 passed the Senate overwhelmingly by a vote of 73-21 on January 15.

However, the House leadership has announced that they will consider the omnibus bill “under suspension”, which will require a two-thirds vote of the present members of the House of Representatives to pass. There will be no amendments allowed under suspension. Supporters of the omnibus package predict that in order to win passage the bill will need all of Democratic members of the House (257) and somewhere between 30-40 Republicans to vote for the bill.

Expected challenges to the omnibus might come from lawmakers who feel that many of the provisions in the Senate-passed bill have not had the benefit of committee hearings or previously passed the House. In response to these concerns, the National Trust is working with its coalition partners to get the message across that if the House makes any amendments to S. 22 — including under a motion to recommit — the bill must return to the Senate, where it could be stalled indefinitely by a filibuster. In addition, the vast majority of bills included in the omnibus have little or no opposition, strong local support and broad bi-partisan support in both chambers.

### ***STATE & LOCAL UPDATE***

#### Governor O’Malley Proposes Extending Maryland’s Historic Preservation Tax Credit Program

### Changes in Financing Maryland State Rehab Credit Could Help Expand Funding of Program Over the Long Term By Delaying Payout of Credits Until Projects are Finished

As part of his Smart, Green, and Growing Legislative Initiatives, Maryland Governor Martin O’Malley is calling for the extension of the historic preservation tax credit program and also proposes key changes to make the credit stronger. In a January 13<sup>th</sup> Baltimore Sun article O’Malley calls the incentive one of Maryland’s “strongest and most valuable tools” for redeveloping communities and one that benefited Baltimore greatly during his tenure as mayor of that that city.

In addition, the O’Malley administration is considering expanding the credits by as much as \$100 million to \$150 million over five years. The program had been slated for \$15 million this year, but that was slashed to \$10 million in budget cuts made last fall - while developers were seeking \$42 million in

credits. Administration officials also hope to increase the credit by changing the way it is financed. For instance, instead of appropriating funds for the credits as they are awarded, the administration wants to account for the credits as the projects are finished, usually a couple of years later.

In a similar vein, the Maryland Senate is considering a bill that calls for re-establishing and altering the Maryland Heritage Structure Rehabilitation Tax Credit Program so that applications for approval of rehabilitation plans are received on a first-come, first-served basis with an aggregate cap of \$100 million dollars for the program.

For more details about the proposed changes to the Maryland historic preservation tax credit, contact Jessica Feldt at 410/685-2886, ext. 302, [JFeldt@preservationmaryland.org](mailto:JFeldt@preservationmaryland.org), or visit Preservation Maryland (<http://www.preservationmaryland.org/html/advocacy.html>).

### Senate Committee Votes Against 'Bed Tax' in Montana

This week the Montana Senate's Committee on Business, Labor, and Economic Affairs voted against a proposal that would raise the lodging facility use tax by 1% to benefit historic preservation and heritage tourism. The increased revenue would have boosted marketing funds for Travel Montana, and been used for heritage and historic preservation grants across the state.

The proposal was introduced earlier this month by Senator Bob Hawks, and would have raised the 'bed tax' in Montana to a total of 8%. The proposal was met with some resistance even though the national average rates for bed taxes are around 12%-13%. It was expected to generate approximately \$3 million, some of which could have been used to satisfy state matching requirements for federal grants. In addition, the measure would have created skilled jobs and promoted business investment while preserving and restoring the rich cultural heritage of Montana.

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