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**Memorandum of Support
 S. 3645 (Kennedy) and A. 5760 (Woerner)**

The Preservation League of New York State is New York State's statewide historic preservation nonprofit. We lead advocacy, economic development and education programs across the state. **We write in support of Bill S. 3645 and A. 5760 relating to improving the NYS Historic Rehabilitation Tax Credit. We urge the Assembly and Senate to include this bill in their Senate and Assembly budget bills this March. These improvements will help small business and Main Street building owners rehabilitate their historic buildings, while ensuring that the NYS Historic Tax Credit serves as an incentive throughout our upstate urban centers.**

As New York State's only statewide historic preservation nonprofit organization, the Preservation League of New York State invests in people and projects that champion the essential role of preservation in community revitalization, sustainable economic growth and the protection of our historic buildings and landscapes. We lead advocacy, economic development and education programs across the state and partner with local preservation organizations throughout New York.

The three improvements outlined in A.5760 and S.3645 will achieve the following:

- Ability to directly transfer NYS Historic Tax Credits, mirroring the allowed transferability in the NYS Low-Income Housing Tax Credit.
 - Transferring NYS Historic Tax Credits provides a greater return on New York State's tax credit dollar, driving more investment into economic development rehabilitation projects.
 - The additional equity provided to a project through transferability will enable more historic rehabilitation, reduce the need for local subsidy, and allow greater efficiency for already expended state resources at no cost to the state treasury.
 - Of 34 states with State Historic Tax Credits, 18 allow transferability/certification, including our neighbors in Pennsylvania, Massachusetts and Connecticut.

- Increasing the NYS Historic Tax Credit from 20% to 30% for small projects under \$5 million.
 - Owners of smaller historic buildings, the type typically found in a Main Street neighborhood commercial corridor, are challenged to make a historic rehabilitation project feasible in projects under \$5 million.
 - Many investors will not engage with projects at or below this level because they do not earn enough return to justify their project entry costs.
 - Historic Tax Credit developers must hire consultants, such as architects, engineers, attorneys, and accountants, to get them through a rehabilitation project. The floor on these consultant expenses often means a small rehabilitation project will barely break even. This boost for smaller historic projects will fill that gap.
 - Our preliminary cost estimate, based on data from the National Park Service, is about \$8.4 million above current program cost. We based this on NPS data from the most recent 12-month period, where NYS had 52 projects at or below \$5 million from 4th quarter 2017 through 3rd quarter 2018. The difference between the existing 20% NYS Historic Tax Credit and a potential 30% NYS Historic Tax Credit for those projects would have been about \$8.4 million.

- Qualifying every city under one million with a 15% poverty threshold for the NYS Historic Tax Credit.
 - Allowing entire cities in upstate New York to qualify for this economic development incentive will benefit cities and the state overall, removing qualification ambiguity.
 - Our preliminary estimate is that this will have a minimal fiscal impact, as most cities already fully qualify for the NYS Historic Tax Credit. Some cities, however, have 1 to 3 census tracts that do not qualify and/or are right on the edge of current qualification. This creates uncertainty for developers and historic homeowners who wish to invest in their buildings.

These improvements will help local community development and economic revitalization efforts throughout New York State. The Preservation League strongly supports the two bills and urges the NYS Legislature to include them in the 2019-2020 NYS budget so that our state can continue to expand its economic development in our historic cities, villages and rural communities.