May XX, 2017

The Honorable Orrin Hatch
SH-104 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorably Ron Wyden
SD-221 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Kevin Brady
1011 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Richard Neal
341 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady and Ranking Member Neal:

On behalf of the undersigned businesses and organizations that strive to strengthen our nation's economy by preserving its rich history, we ask that you retain and enhance the historic tax credit as Congress develops legislation to reform the tax code. We strongly support the successful and longstanding federal policy of incentivizing the rehabilitation of our historic buildings.

Incorporated into the tax code more than 35 years ago, the historic tax credit (HTC) is a widely-embraced redevelopment tool for underutilized properties, from inner cities to small towns across the country. The credit is the most significant investment the federal government makes to preserve our nation's historic properties. Since 1981 the credit has leveraged more than $131 billion in private investment, created more than 2.4 million jobs, and adapted more than 42,293 historic buildings for new and productive uses. Over 40 percent of HTC projects financed in the last fifteen years are in communities with populations of less than 25,000.

President Ronald Reagan praised the incentive in 1984, stating, *"Our historic tax credits have made the preservation of our older buildings not only a matter of respect for beauty and history, but of course for economic good sense.*" Over the life of this federal initiative, the IRS has issued $23.1 billion in tax credits while generating more than $28.1 billion in direct federal tax revenue. As a result, the HTC is not only working as intended, but it also creates revenue for the federal government. Eliminating the HTC would deprive the Treasury of these receipts. With an average cost of $843 million over the last five years, its elimination would lower the current corporate tax rate by less than .1% – from 35% to 34.9%. Given that over its history, the HTC has returned an average of $1.20 to the Treasury for every credit dollar allocated, eliminating the HTC takes away from the economic growth anticipated from a reform of the tax code.

When the HTC was examined by Congress in the lead up to the Tax Reform Act of 1986, tax writers concluded an incentive to rehabilitate historic structures remained justified. The report accompanying the legislation reasoned that without the HTC, market forces would drive investment away from more costly rehabilitation in our cities and small downtown areas and toward new construction in the suburbs where there is a higher investor rate of return.

This justification is as valid today as it was then. Developers, both large and small, report that historic rehabilitation projects would not occur but for the HTC. The HTC provides a critical financing gap between a projectǾs cost and what a bank will lend. Elimination of the HTC would result in a sharp decline in the rehabilitation of historic income-producing properties in the United States and a loss of the additional development that is known to occur around historic tax credit projects.

A successful reform of our nationǾs tax code aimed at growing the economy should look to HTCs as a widely-embraced and successful solution to the economic challenges facing communities today. The economic revival of our downtowns, from the urban core to small Main Street towns, requires incentives like the HTC to focus investment where it is needed most. We ask that as you work to produce pro-growth tax reform legislation, you retain and enhance the HTC.

Sincerely,