REVITALIZING OUR MAIN STREETS

HOUSE BILL 325

The historic tax credit program is designed to encourage private investment in historic buildings, helping to revitalize communities, create jobs and increase property values. However, Kentucky caps available credits at $5 million — one of the lowest levels in the country. Due to demand far exceeding capacity, and the small amounts awarded for projects, developers are often forced to abandon or substantially delay vital projects.

While Kentucky’s Historic Preservation Tax Credit program has successfully incentivized the investment of in-state and out-of-state private capital, Kentucky remains at a competitive disadvantage to surrounding states because of the size of the program. Of the 37 states that have enacted a state rehabilitation tax credit, most have much higher program caps — or no program caps at all — and as a result they realize significantly higher commercial and residential investment and a stronger tax base. In order to revitalize the historic assets in many of our communities and to become a larger jobs creation program, Kentucky needs an expanded program.

KENTUCKY HOUSE BILL 325

House Bill 325 will make Kentucky significantly more competitive and will provide much needed investment into cities by increasing the program cap to $30 million a year.

Most rehabilitation projects located on our “main streets” struggle to secure the necessary financing to make them feasible. House Bill 325 provides two very important enhancements for these projects in our smaller communities:

- An additional 10% credit for projects located in a county below 50,000 in population (30% credit compared to 20%) and,
- 40% of the total $30 million cap has to be awarded to these projects.
In 2014, the General Assembly passed a one-year, enhanced historic tax credit for projects larger than $15 million, but only for Louisville and Lexington. This change resulted in total investments of more than $300 million and the creation of more than 1,700 jobs.

The amount of tax revenue generated over 10 years from these projects is anticipated to be $165 million compared to the $33.5 million in tax credits paid out over a four-year period. That’s a five times larger return on our Commonwealth’s investment!