

Illinois Historic Preservation Tax Credit

Economic and Social Benefits to Illinois Citizens

Overview: The Illinois Historic Preservation Tax Credit allows for credit on Illinois state income taxes equal to 25% of the qualified cost of a historic rehabilitation. The credit may also be used in conjunction with the 20% federal tax credit. The credit would be available for either residential or commercial properties which are:

- listed in the National Register of Historic Places,
- contributing structures to a National Register historic district or a local historic district recognized by the National Park Service, or,
- eligible for inclusion in the National Register as determined by the State Historic Preservation Officer.
- or a local district/property that has been designated by a local government, either city or county.

The restoration must be completed to the federal Secretary of the Interior Standards for Historic Preservation and reviewed for compliance by the State Historic Preservation Officer.

Economic and Social Benefits:

- Supports community and state identity and allows communities to capitalize on heritage tourism initiatives.
- Encourages private investment in derelict or underused buildings in historic neighborhoods and puts neglected properties on the tax rolls at a higher value thereby stimulating more economic investment in the area. This is especially valuable to Illinois' Main Street communities, the downtowns of Illinois' smaller rural communities, and in older neighborhoods of Illinois cities.
- Creates jobs and economic impact far beyond the cost of the program and increases the tax base through new sales and payroll taxes.
- Brings additional federal dollars into Illinois through increased use of the federal tax credit program.
- Promotes environmentally friendly practices, preserves the resources and energy which were previously expended on older structures, and ensures that resources are not wasted, destroyed and discarded in a landfill.
- Increases affordable housing opportunities by helping first-time and moderate income buyers through the mortgage credit provision. Lenders may use the tax credit to allow owners to buy down the interest rate or reduce the principal on their mortgage. It also encourages low-income rental housing when partnered with the federal low-income housing tax credit.
- Promotes the redevelopment of vacant buildings thereby returning them to income producing, taxable status.
- Limits urban sprawl and supports open space preservation and promotes environmental conservation by concentrating on previously developed areas.

Proposed Legislation

The proposed legislation is based on the highly successful Missouri law that was enacted in 1997. Since its passage, Missouri has been consistently recognized as the national leader for the preservation and promotion of its history. The National Park Service has just recently commended Missouri for once again being number one in the nation for federal tax credit projects reviewed and approved. Due to the success of the program it has been adopted by several other states including Iowa and Kansas. Currently, 29 other states have adopted a state historic preservation tax credit. The state of Minnesota is currently considering similar legislation to the proposed legislation for the State of Illinois. In Missouri, the annual economic impact of historic preservation and heritage tourism was estimated by a Rutgers University study at \$1.016 billion annually due to the economic activity related to increased expenditures, job growth and additional tax revenue. A recent review by the Auditor General of the State of Missouri indicated that the state receives a \$1.50 return for every \$1 spent on the tax credit and annually recoups the cost of the credit in additional payroll taxes alone. Missouri's historic preservation tax credit runs between \$20 million and \$30 million annually.