

Tennessee Historic Rehabilitation Investment Incentive: How the Incentive Would Work

36 states, including all of the states neighboring Tennessee, have enacted historic rehabilitation incentives to encourage the rehabilitation of historic buildings and revitalization of main street communities. It's time for Tennessee to be competitive with its neighboring states!

- ✓ Historic rehabilitation investment incentives are proven effective tools for states to return blighted and vacant buildings to commerce, revitalize main street communities, create jobs and increase revenue to more than pay for the cost of the program.
- ✓ Tennessee is missing out on a valuable, impactful, job-creating private capital investment tool that is benefiting all of its neighboring states.
- ✓ Without a state incentive, many Tennessee buildings in small and large communities will continue to remain vacant or be demolished, forever destroying an important physical link to Tennessee's unique heritage and the opportunity to preserve it forever.
- ✓ Like most state incentive programs, Tennessee's proposed program mirrors the successful and established federal program that has existed since 1976.
- ✓ The Tennessee Historic Rehabilitation Investment Incentive provides a tax credit of 25% of the amount of qualified rehabilitation expenditures (QREs) spent to rehabilitate qualified historic buildings. The incentive is applied against the insurance premium tax.
- ✓ Eligible qualified rehabilitation expenditures are based on the stringent standards imposed through the federal program.
- ✓ The non-transferable incentives are earned once the project is placed in service and after the QREs are completed – often years after construction begins and the state reaps the benefits of increased economic activity, revenue and job creation.
- ✓ The incentives can be claimed over a three-year period, providing for a phased impact to the state's budget.
- ✓ The Tennessee Historical Commission and the Comptroller will administer the applications for the incentives - the application process is based on the process used for the federal historic rehabilitation incentive.
- ✓ Structures that qualify for the incentives are those in Tennessee listed individually in the National Register of Historic Places or located in a historic district and certified by the Commission or US Department of the Interior as contributing to the historic significance of the district.
- ✓ Tennesseans will see improved main street communities, a catalytic effect on surrounding areas and added jobs and income in the following fields, including but not limited to, construction workers, contractors, skilled tradespeople, architects, engineers, realtors, construction supply stores, building maintenance personnel, attorneys, bankers, accountants and small business owners.
- ✓ President Ronald Reagan, who signed into law the current federal program, once stated in support of the program that preservation of historic buildings was “not only a matter of respect for beauty and history” but also of “economic good sense.”