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HISTORY AND THE HILL



The Creating American Prosperity through Preservation (CAPP) Act Introduced in the House

By John Leith-Tetrault, National Trust Community Investment Corporation

As the dust settled on 4th U.S. Circuit Court of Appeals denial of the taxpayers' request for a rehearing in the Virginia historic tax credit (HTC) case, HTC industry attention in Washington shifted to the introduction in the U.S. House of Representatives of a revised historic tax credit modernization bill, the Creating American Prosperity through Preservation (CAPP) Act. Providing Republican leadership from the House Ways and Means Committee was Rep. Aaron Schock, R-Ill., from central Illinois' 18th District, which includes the metropolitan areas of Peoria, Springfield and Jacksonville. Joining Rep. Schock at introduction was Democratic Ways and Means Committee member and bill co-sponsor, Rep. Earl Blumenauer, D-Ore., from Oregon's 3rd District, which includes Portland.

Key Provisions

The CAPP Act encompasses five important changes to the federal HTC, many of which were contained in earlier versions of modernization legislation. These include a boost in the 20 percent credit to 30 percent for small deals of less than \$5 million in qualified rehab expenditures and a 2 percent credit boost for achieving energy use savings at least 30 percent greater than established industry standards for similar buildings.

While these two provisions attracted considerable interest in the House and Senate during the 111th Congress, a revised provision has been added that would address concerns raised by the 4th Circuit decision in the Virginia case. This section of the bill would eliminate the federal taxation of the proceeds of a state HTC transaction for both state credit certificate sales and credits allocated through partnerships.

The Creating American Prosperity through Preservation Act will result in a more powerful historic tax credit by targeting it toward the rebuilding of America's "Main Streets," strengthening state historic tax credits and encouraging every rehabilitation to become a model of energy efficiency. All of these changes will create good paying jobs through the reuse of vacant older buildings.

Rep. Aaron Schock, R-Ill.

CAPP would expand the number of properties that qualify for the credit by indexing the eligibility date for the 10 percent non-historic rehabilitation credit so that both 20 percent and 10 percent credits would apply to buildings 50 years and older. Finally the bill would help target the credit's impact to low-income communities by opening the door to nonprofit project sponsors and building tenants.

"The Creating American Prosperity through Preservation Act will result in a more powerful historic tax credit by targeting it toward the rebuilding of America's 'Main Streets,' strengthening state historic tax credits and encouraging every rehabilitation to become a model of energy efficiency. All of these changes will create good paying jobs through the reuse of vacant older buildings," Schock said.

Congressman Blumenauer was equally supportive. "We

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have seen what a difference the federal historic tax credit has made in revitalizing communities across Oregon by creating jobs and restoring historic structures. A stronger historic tax credit will help grow our local economies, improve our environment, and preserve our architectural heritage," he said.

Prospects on the Hill

Michael Hanson, lobbyist for the Historic Tax Credit Coalition (HTCC), said that the HTCC hopes that CAPP will become part of the larger conversation in Congress about how to create jobs, promote economic recovery and reform the tax code. "The Coalition's Second Annual Report on the Economic Impact of the Federal Historic Tax Credit shows the federal historic credit generated over 145,000 jobs primarily in the construction and manufacturing sectors just in the past two years, and two million jobs since its inception. These are important outcomes," Hanson said.

The focus of HTC industry efforts over the summer will be on working with Reps. Schock and Blumenauer on adding bill co-sponsors to the House measure and finalizing plans for introduction in the Senate. ❖



John Leith-Tetrault has 32 years of experience in community development financing, banking, community organizing, historic preservation, training and organizational development. He has held senior management positions with Neighborworks, Enterprise Community Partners, Bank of America and the National Trust for Historic Preservation. Mr. Leith-Tetrault is the founding president of the National Trust Community Investment Corporation and serves as the Chairman of the Historic Tax

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