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Minnesota Lawmaker Requests Guidance on Historic Rehabilitation Tax Credit.

Rep. Betty McCollum, D-Minn., has written to Treasury to request guidance on the future of the historic rehabilitation tax credit program, which she says has been disrupted by a recent court ruling and subsequent IRS memorandum that have created uncertainty and effectively halted investment in rehabilitation projects.

May 10th, 2013

The Honorable Jack Lew

Secretary

U.S. Department of the Treasury

1500 Pennsylvania Avenue N.W.

Washington, D.C. 20220

Dear Mr. Secretary:

I recently met with local nonprofit and development leaders in my Congressional District who have participated in many successful projects to rehabilitate historic properties during the past forty years, due in large part to the Historic Rehabilitation Tax Credit program (HTC). These leaders voiced concerns about the result of a recent court ruling and subsequent Internal Revenue Service (IRS) memorandum and uncertainty that has effectively halted investment in these projects, and which they believe could jeopardize the future of the HTC program. Therefore, I respectfully request your assistance in providing clear guidance from the IRS that allows the HTC to be utilized again within the next 60 days.

Nationally and in Minnesota, the HTC enjoys strong bipartisan support. HTC is a critical tool for urban renewal, facilitating the creation of jobs through the rehabilitation of historic buildings. Since its creation in the 1970s, it has helped to create 2.3 million jobs, rehabilitated more than 38,000 buildings, and spurred more than $106 billion in private investment. This record of success and the litany of examples of community revitalization in every state in the nation have made this a popular and effective tool for economic resurgence.

Through my conversations with Minnesota leaders in urban revitalization and historic preservation, I have learned that several recent or current local projects likely would not have been possible or will not be possible without the HTC. The successful redevelopment of the landmark Saint Paul Pioneer and Endicott buildings into mixed use and residential units is helping to spur energy investment in the heart of the city’s downtown, and could not have occurred without the HTC according the project’s developer. More urgently, a nonprofit partnership to save rapidly deteriorating buildings at the former frontier military outpost Fort Snelling and convert them for use as housing for homeless

veterans is in jeopardy. Similarly, a project to rehabilitate the former Saint Paul Post Office Building for mixed use and residential development is at risk, due to the current impasse with the HTC.

In communities like mine with a large urban core and many historic and endangered properties, HTC is a catalyst and lynchpin for redevelopment and renewal as our economy recovers from the great recession. This story is similar across the country. By one national estimate, loss of the HTC for a year would mean that 55,000 jobs will not be created, 1,000 structures will not be rehabilitated, and more than $3 billion in private funding will not be invested in strategic historic property rehabilitation. Given the pressing need to have businesses grow and create more jobs in the economy, an immediate resolution of this matter would allow this investment to continue.

It is my understanding that within the last week, senior IRS officials have indicated that more clarity will be provided to the public within the coming days or weeks. This is a welcome development, and I respectfully request your assistance to make sure this commitment is kept.

Residents of my Congressional District are proud of our success at protecting and investing in our historic properties by utilizing the HTC. It would be an honor to host you for a tour of some of these dynamic projects should your schedule allow it in the coming months.

Thank you for your support in finding an expeditious path forward that assures that the HTC is functioning again and the economic benefits it makes available to communities across the nation are once again flowing.

Sincerely,

Betty McCollum

Member of Congress

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