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Why Main Street Doesn't See More Historic Tax Credit Financing and What Can Be Done About It.

Both Houses of Congress have promised to produce draft legislation to overhaul the federal tax code in September 2017. On the table for possible elimination is the federal historic tax credit (HTC). As one strategy to meet this threat, legislators in both houses have introduced legislation, the Historic Tax Credit Improvement Act (HTCIA), which would modernize the HTC in the context of a reformed tax code. As described in the following article, the HTCIA would address many of the barriers to the use of the HTC for small Main Street transactions. Main Street organizations are urged to contact their Congressional delegations to co-sponsor this bill and protect the HTC from elimination under tax reform. Consider signing the National Trust's advocacy letter and hosting a site visit for your Members of Congress during the August recess. For help, contact Shaw Sprague at ssprague@savingplaces.org.

On July 30, 2016, after six inches of torrential rain, a flash flood roared down Main Street in Ellicott City, Maryland, a vibrant 18th century commercial district. Located at the confluence of Tiber Creek and the Patapsco River, this popular destination for Baltimore and Washington residents has been plagued many times over the years with damaging floods. This time, tragically, two people died, hundreds of cars were damaged or destroyed and scores of businesses were shuttered. Just under one year later, in a remarkable turnaround, 90 percent of the commercial properties are now back in service. Ellicott City is a certified Main Street Maryland community.

In the midst of this human and cultural disaster, the Main Street program, managed by the Ellicott City Partnership, collaborated with Preservation Maryland to provide a variety of disaster relief financing that helped expedite the recovery. Preservation Maryland set up a field office to provide technical assistance to property owners who qualified for the federal and state historic tax credits (HTC). The Main Street program focused on short-term emergency grants to defray the costs of immediate health, transportation and safety concerns. Main Street's programs, described in more detail below, were a hit. But in the end, only a few buildings utilized the federal credits to help finance damage repair. (See below for a refresher on 20 percent and 10 percent HTC basics.)

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Main Street America

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