

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE:

SUBJECT: Fiscal Impact Statement: "Historic Preservation Tax Credit Act of 2008"

REFERENCE: Draft – No Bill Number Available

Conclusion

Funds are not sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would result in a negative fiscal impact on the General Fund of \$550,000 in FY 2009 and about \$6.0 million in the FY 2009 through FY 2012 period.

Background

The proposed legislation would provide an income (individual or corporate) tax credit to owners of historically significant residential or commercial buildings who rehabilitate those buildings. The credit would equal 15% or 25% of qualified rehabilitation expenditures on certified rehabilitation projects. The rules for determining whether a building qualifies and whether particular costs qualify are linked to the rules for the Federal historic preservation tax credit provided in the Internal Revenue Code of 1986.

Financial Plan Impact

Funds are not sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would result in a negative fiscal impact on the

General Fund of \$550,000 in FY 2009 and about \$6.0 million in the FY 2009 through FY 2012 period.¹

Table 1. Impacts to the Financial Plan of the Historic Preservation Tax Credit Act of 2008 (S in millions)					
Item	FY 2009	FY 2010	FY 2011	FY 2012	4-Year Total
Reduced Revenue	\$0.55	\$1.37	\$1.85	\$2.21	\$5.98

¹ Estimates are based on Virginia's experience with a similar historic preservation tax credit. Data on which the Office of Revenue Analysis based its analysis are from "Prosperity Through Preservation: Virginia's Historic Rehabilitation Tax Credit Program," a joint publication of Virginia Commonwealth University's Center for Public Policy and the Virginia Department of Historic Resources. Available online at http://www.dhr.virginia.gov/pdf_files/Prosperity%20through%20Preservation.pdf