Put a Credit on It:
A State Preservation Tax Credit for Oregon
Economic Analysis of a State Rehabilitation Incentive Proposed for Oregon

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PREPARED BY:
ECONorthwest
ECONOMICS • FINANCE • PLANNING

RESTORE OREGON
STATEWIDE SUPPORT FOR SB 565:
THE REVITALIZE MAIN STREET ACT

Endorsed by Government Leaders, Businesses, Organizations, and Individuals from 65 Cities across the state, including:

- 36 Mayors, City Councils, and City Managers.
- 31 Downtown Business Associations.
- 37 Organizations representing Business, Cultural, and Sustainability interests.

“Towns and small cities across Oregon struggle to secure private investments to restore historic structures. The result is downtowns that fall victim to neglect and disrepair. SB 565 can help transform these downtowns into more vibrant civic, social, and economic hubs.”

- State Treasurer Ted Wheeler
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Oregon Heritage Summit – April 2017

Slide 1 – Thank

Oregon Heritage – Kuri Gill

Restore Oregon: “Preserve, reuse, and pass forward the historic places that make our communities livable and sustainable.”

We believe that historic preservation is important for 3 key reasons: Culture, Sustainability, and Economic Vitality

We believe that a sure way to legitimize historic preservation is financial incentivization. There are a couple strong incentives that Oregonians can take advantage of right now:

- Federal Historic Preservation Tax Incentives
- Oregon Special Assessment Program

M&N Building, Astoria, 1923 – Most Endangered Places program

Slide 2 – We think that Oregon is missing an important tool

35 other states have state historic preservation tax credits to pair with the federal program

We knew that:

1. A state tax credit can be paired with federal credits to not just help the project that would already use the federal program but to justify to other developers and property owners why they should consider a project they might not have begun with only the federal incentive.

2. They can be used to offset the high cost of renovation, code upgrades, and SEISMIC RETROFITTING.

3. States like Virginia, Maryland, Ohio, and Minnesota have stimulated over $8 in economic output for every $1 of state investment.

Slide 3 – We studied the concept

In 2014 we funded a study by ECONorthwest titled “Economic Analysis of a State Rehabilitation Incentive Proposed for Oregon”.

Our study revealed that:

- A statewide tax credit program would increase commercial restoration projects by 4 times over previous years

- More jobs and higher property values from rehabilitated properties will generate millions more in income and property taxes for state and local coffers
Slide 4 – In the 2015 legislative session we introduced Senate Bill 565: The Revitalize Main Street Act

It would allow for a 20 percent tax credit for certified renovation expenditures

It was modeled on the Oregon Film tax credit which is formatted in such a way that it is easier for the layperson with a smaller project to take advantage of the program without being reliant on a big team of attorneys and accountants – a criticism occasionally lobbed at the federal program.

The bill received widespread support from across Oregon:

- Government leaders, businesses, organizations, and individuals from 65 cities across the state
  - 36 Mayors, City Councils, and City Managers
  - 31 Downtown Business Associations
  - 37 Organizations representing Business, Cultural, and Sustainability interests

Then State Treasurer – now Portland Mayor Ted Wheeler said

“Towns and small cities across Oregon struggle to secure private investments to restore historic structures. The result is downtowns that fall victim to neglect and disrepair. SB 565 can help transform these downtowns into more vibrant civic, social, and economic hubs.”

Slide 5 – Most importantly, we had YOUR help.

You lobbied and pushed at the local and state level.

Slide 6 – The result?

Not what we hoped for.

Ultimately the Revitalize Main Street Act became part of a much larger omnibus spending bill.

This insured that it didn’t have to sink or swim on its own, but it was also never considered on its own merits.

It was cut from the larger bill on the final day of deliberations

The Silver Lining?

Restore Oregon believes that the concerted effort we made on behalf of the Revitalize Main Street Act ultimately helped raise the profile and facilitate the passage of a bill which resulted in The Oregon Main Street Revitalization Grant – 2.5 million dollars in a permanent fund for designated Main Street communities.
Slide 7 – The Road Ahead

Restore Oregon will bring this idea back to the legislature. With your help, it will be successful.

This type of bill is unlikely to be introduced in a short session (every other year).

It couldn’t be introduced this session due to the focus on the funding of the Public Employee Retirement System

That means it likely won’t be reintroduced until 2019

In the meantime, there are two issues that you should track

Senate Bill 311 – Seismic retrofit incentive allowance

Would permit local jurisdictions (counties and cities) to give a local tax abatement incentive to property owners who seismically improve any structure built before 1993 – no financial implications for the state

Passed the Senate unanimously on the 18th. Now in the House Revenue Committee

Efforts in Congress and through the current administration to rewrite the federal tax code. These efforts may result in a proposal to eliminate the Federal Historic Preservation Tax Incentives program. We are watching this closely

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