

# Support HB 1296

## Mississippi Historic Tax Credit Program

**HB 1296, which passed the Mississippi House of Representatives with an overwhelming majority on February 3, would make the following necessary adjustments to the Mississippi Historic Tax Credit Program:**

- Restore residential eligibility for single family homes.
- Allow the credit to be claimed based on predetermined project phases.
- Allow for full transferability of the credit.
- Exempt rehabilitation projects under \$3,000,000 from the annual cap of \$12,000,000.
- Clarify that the annual cap is based on the calendar year rather than the state fiscal year.
- Require that projects receive final certification within 60 months (5 years) of the project start date.
- Allow projects that are not funded in the year they are completed due to the annual cap to be funded in subsequent years.

### HISTORY

The Mississippi Historic Tax Credit Program, which is administered by the Mississippi Department of Archives and History, was initiated in 2006 in the wake of Hurricane Katrina. At that time, \$60,000,000 was allocated to the program, which authorized a 25% tax credit for qualified rehabilitations of historic structures. This funding was depleted by 2015. In 2016, the Mississippi Legislature reauthorized the program with an additional \$60,000,000 in funding but removed residential eligibility and added an annual cap of \$12,000,000. In 2020, the Mississippi Legislature again reauthorized the program by extending the program deadline to 2030 and adding an additional \$60,000,000, bringing the total funds allocated to the Mississippi Historic Tax Credit Program to \$180,000,000.

### ECONOMIC IMPACT

The economic benefits of the Mississippi Historic Tax Credit Program are undeniable. Using data provided by the Mississippi Department of Archives and History, the National Trust for Historic Preservation analyzed 329 projects from 2006 to 2018 and found that the Mississippi's 25% historic tax credit has generated the following economic impact:

- Spurred the investment of approximately \$297,377,452 in local, qualified, non-acquisition related historic construction expenditures
- Created 3,119 construction jobs and 3,236 permanent jobs
- Generated \$169,144,700 in household income and \$141,814,200 in business income
- Earned \$9,242,700 in local taxes, \$9,432,300 in state taxes and \$49,327,800 in federal taxes

As stated in the report Economic and Fiscal Effects of the Mississippi Historic Preservation Tax Credit Incentives Program prepared by the John C. Stennis Institute of Government at the request of Speaker of the House Philip Gunn in 2016, every \$1 invested in state historic tax credits:

- Generates \$6 of construction expenditures
- Leverages \$5.71 of economic activity
- Contributes \$3.31 to gross state product
- Enhances in-state wealth by \$2.98
- Leverages \$2.90 in private investment
- Adds \$2.48 in labor income
- Attracts \$.80 of federal historic tax credits



Downtown Jackson Partners, Mississippi Heritage Trust, Mississippi Main Street Association and Mississippi Municipal League are proud to support the Mississippi Historic Tax Credit Program and applaud the Mississippi Legislature for putting this powerful economic incentive in place to help bring new life to Mississippi's treasured old places.

