



ISSUE BRIEF

PA HISTORIC PRESERVATION TAX CREDIT

The PA Historic Tax Credit Coalition, led by Preservation Pennsylvania and the Preservation Alliance for Greater Philadelphia, supports strengthening the **Pennsylvania Historic Preservation Tax Credit**.

A \$1 million investment in a historic rehabilitation project generates 6.4 direct jobs and 5.6 indirect jobs in Pennsylvania, more than any other industry, including the gas industry.

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Pennsylvania enacted the Historic Preservation Tax Credit (PA-HPTC) in 2012 and reauthorized the program in 2019. This program serves as a companion to the federal Historic Tax Credit, which Pennsylvania has historically leveraged as a key economic development tool.

Since 1977, the federal program has incentivized the rehabilitation of over 3,000 buildings in Pennsylvania, driving more than \$7 billion in investments. **Between 2002 and 2022, the economic impact of 1,040 approved projects generated \$4.1 billion in development costs, created 106,703 jobs, and contributed \$4.2 billion in income and \$1.6 billion in local, state, and federal taxes.** Given recent changes to the federal program, a strong state tax credit is more critical than ever to ensure the continued rehabilitation of historic properties.

When the Pennsylvania Historic Preservation Tax Credit program was enacted, it was funded at \$3 million annually with a credit cap of \$500,000 per project. As part of the 2024-2025 budget, the General Assembly raised the annual cap of the Pennsylvania Historic Preservation Tax Credit program to \$20 million, significantly expanding the Commonwealth's commitment to historic preservation, economic growth, and the revitalization of historic communities. While this increase strengthens Pennsylvania's competitive position relative to neighboring states, key technical limitations remain.

One key issue is raising the per-project cap to \$1.5 million to better support large-scale rehabilitations and align Pennsylvania with other states. The per-project cap has not been increased from \$500,000 since the program's inception in 2012.



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Effective state programs increase the use of federal credits, and these projects create more jobs than new construction and put vacant properties back on the tax rolls. **The state historic tax credits start paying back during construction, returning 37% of the value to the Pennsylvania Treasury before the credit certificate is issued.** The investments in these projects are private funds that are being expended upfront. The state's issuance of the credit doesn't occur until the project is completed, reviewed, and approved. This is not a program where the state is expected to provide funding upfront and hope things go well. The state's investment comes last after the project has been completed.

In 2019, Preservation Pennsylvania released "The Missing Key: A Study of the Impact and Potential of the Pennsylvania State Historic Tax Credit," prepared by PlaceEconomics. It found that in the first five years of the program (2013-2018), the PA-HPTC program awarded \$15 million in credits, which supported projects totaling \$700 million in investment. **A \$1 million investment in a historic rehabilitation project generates 6.4 direct jobs and 5.6 indirect jobs in Pennsylvania, more than any other industry including the gas industry.**

Strengthen Pennsylvania's Historic Preservation Tax Credit Program to ensure our Commonwealth continues to make strategic investments that preserve our architectural heritage while fostering economic growth and revitalization across our historic communities.

PA Historic Tax Credit Coalition Members

