



# ISSUE BRIEF

## PA HISTORIC PRESERVATION TAX CREDIT

Preservation Pennsylvania and the Preservation Alliance for Greater Philadelphia support **Senator Saval** and **Farry's** efforts to expand 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 in 2012 and reauthorized the program in 2019. This program works as a companion to the federal Historic Tax Credit, which Pennsylvania has always been a strong user of. Since 1977, the federal program has incentivized the rehabilitation of over 3,000 buildings with investments in excess of \$7 billion. **Between 2002 and 2022, the economic impact of 1,040 approved projects generated \$4.1 billion in development costs, created 106,703 jobs, generated \$4.2 billion in income, and \$1.6 billion in local, state, and federal taxes.** Changes to the federal program make a strong state tax credit even more critical to fund rehabilitation projects.

When the Pennsylvania Historic Preservation Tax Credit program was enacted, it was funded at \$3 million annually. Funding was increased to \$5 million annually in 2019, but is still a highly inadequate and uncompetitive sum. Surrounding states with more robust state credits have seen an increase in the number of projects, the amount of investment, and the positive economic impact while Pennsylvania has seen little growth. New York and West Virginia have no annual cap, Ohio has a \$120 million cap (through 2024 and then \$60 million onwards), New Jersey has a \$50 million cap, Maryland has a \$20 million cap, and Delaware has a \$8 million cap.

**The Commonwealth's Independent Fiscal Office (IFO) completed a review of the program in 2019 and found positive economic impact of the credit and the recommendation that the program should be funded at a higher level.**



**PRESERVATION ALLIANCE**  
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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 the 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.**

In order to compete with our neighboring states, the PA-HPTC annual cap should be raised to \$50 million and the program expanded as proposed by Senators Saval and Farry.

*Preservation Pennsylvania is the Commonwealth's only private statewide nonprofit organization dedicated to helping people protect and preserve the historic places that matter to them. Preservation Pennsylvania was established by the Commonwealth's General Assembly in 1982 as the Preservation Fund of Pennsylvania, a statewide revolving fund to assist in the acquisition and rehabilitation of historic properties. Since then, Preservation Pennsylvania has grown into its role as a private, nonprofit membership organization with a statewide mission to protect and preserve Pennsylvania's irreplaceable historic places. In Preservation Pennsylvania's role as an advocate for historic preservation, we address matters of Commonwealth-wide concern. We serve as the statewide voice for historic preservation in Pennsylvania.*

*The Preservation Alliance for Greater Philadelphia was established in 1996 to be the principal historic preservation advocacy organization for the Philadelphia region. The mission of the Preservation Alliance for Greater Philadelphia is to actively promote the appreciation, protection, and appropriate use and development of the Philadelphia region's historic buildings, communities, and landscapes. Through direct advocacy, planning efforts, and educational outreach, the Preservation Alliance is the region's principal public champion of our historic built environment.*



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*for greater philadelphia*



# Increase Funding for PA's Historic Tax Credit Program



**New York**  
No Cap



**West Virginia**  
No Cap



**Ohio**  
\$120 million  
(2023-4), \$60 million (2025 onwards)



**New Jersey**  
\$50 million



**Maryland**  
\$20 million



**Delaware**  
\$8 million



**Pennsylvania**  
\$5 million

**Let's increase this!**

**Aggregate Cap:** the dollar limit on how much a state will invest in a state historic tax credit program, usually on an annual basis.

**Source:** National Trust for Historic Preservation "State Historic Tax Credit Resource Guide," January 2023