

Batesville Senior Café, Inc
Four South Park Avenue
Batesville, Indiana 47006
812-932-2600

April 15, 2015

The Honorable Dean Heller
324 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Michael F. Bennet
458 Russell Senate Office Building
United States Senate
Washington, DC 20510

Dear Senators Heller and Bennet:

In this challenging budget environment and the bipartisan call for meaningful tax reform, I believe it is critical to convey how important it is to retain the 20% federal Historic Tax Credit (HTC) which has successfully transformed and revitalized communities here in Indiana and across the country. Weakening or eliminating the credit would endanger the economic viability of nearly all historic rehabilitation projects. In my experience the HTC is essential to the financing of these challenging buildings that would otherwise remain vacant eyesores. Many of these projects become anchors for catalytic revitalization of a once depressed area of town. As discussions of tax reform progress, I encourage the Senate Finance Committee and Community Development and Infrastructure Working Group to support retention of the Historic Tax Credit because of the economic benefits it brings to Indiana cities and main street communities.

This program is vital to small communities in Indiana trying to stabilize downtown areas where once manufacturing thrived now sits old decaying vacant buildings. Rather than demolishing these buildings adding to the waste stream and destroying the heritage of these communities this program provides important financing to make re-development projects viable. In the end this program allows buildings to be returned to the tax rolls, provides jobs and in our case serve a senior population. We are developing senior housing in an abandoned hotel in a small nearby community. This project will offer an optional assisted living amenity that if extrapolated across the State of Indiana would save Indiana Medicaid more than \$50,000,000 a year. If more projects like this were done nationally the overall savings to Medicaid would more than offset the savings that could be generated by abolishing this program.

An economic study has shown that since the 1981 Congressional enactment of the historic tax credit, the HTC has leveraged \$117 billion in private investment in historic rehabilitation, created nearly 2.5 million jobs and rehabilitated 40,000 historic buildings. In Indiana the HTC

has helped finance 145 projects with \$717 million in total development cost between 2001 and 2013.

According to a National Park Service commissioned study, in the credit's 34 years, the federal government has allocated just over \$24 billion in tax credits, but collected more than \$28 billion in federal taxes resulting from rehabilitation projects. It seems to me that in the long-run the federal government would be losing money, and these abandoned, underutilized buildings would simply not get done without the federal incentive for these difficult projects.

It is my understanding that over half of the HTC projects are smaller projects that earn under \$1 million in credits. Over successive sessions of Congress, the Creating American Prosperity through Preservation (CAPP) Act has been introduced in the House and Senate. This bill provides for greater targeting of smaller Main Street-scale properties which are typical in Indiana; removes the federal income tax on state historic tax credits; and make it easier for nonprofits to sponsor the rehabilitation of historic buildings that cannot be tackled by for profit developers. If the HTC is retained in the tax code, these suggested improvements would make this federal incentive even more efficient and effective.

Thank you for the opportunity to submit these comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne M. Pigeon".

CC:

Senator Dan Coats

Senator Joe Donnelly