

**Testimony, HB 2560**  
Brenda Spencer, Friends of Historic Preservation  
House Committee on Taxation  
February 9, 2012

Mr. Chairman and Members of the Committee – I am Brenda Spencer, representing Friends of Historic Preservation, a coalition of preservation advocates, developers, architects, engineers and investors who are working to revitalize Kansas downtowns and redevelop historic properties. I am here to offer this statement in opposition of House Bill 2560, and in support of maintaining Kansas' historic tax credit program in its current form.

Our Governor has challenged Kansans to make this decade the decade of economic growth and job creation. The historic tax credit program is an engine of job creation and a vital catalyst to attract capital to our state and efficiently drive rural development.

Because historic preservation is 50% more labor intensive than new construction, historic rehabilitation projects create more jobs – jobs that cannot be out-sourced. During the most recent recession, when new construction virtually ceased, a growing number of rehabilitation projects created much-needed private-sector jobs. The projects would not have moved forward without Kansas' historic tax credit. In the past decade, the Kansas historic tax credit program has created nearly 15,000 jobs and had an economic impact of approximately \$700 million. In 2011 alone, the historic tax credit program was directly responsible for 2,000 or 18% of the 11,000 net private-sector jobs created in our state

Historic tax credits are also an engine of capital investment and rural development. In towns and cities throughout Kansas where market rents are low, rehabilitation projects are not financially feasible. The Kansas historic tax credit attracts the capital necessary to fill the gap and allow the projects to get done.

In its current form, the historic tax credit program allows for credits against income, privilege and premiums taxes. As proposed in House Bill 2560, the historic tax credits could be used only against corporate income tax. Because the vast majority of the end users of historic tax credits are not corporations, the Governor's plan would reduce the efficiency and effectiveness of the credits for most projects. For instance, many state historic credits are purchased by syndicators who pass them on to non-corporate taxpayers. Limiting to corporate filers would not only drive down the demand and price for credits, but also would affect the market for smaller projects which are often too small to interest corporate investors. In its current form, the historic tax credit program is a great tool for attracting capital to our state and creating much-needed jobs. The Governor's plan would place these labor-intensive projects in jeopardy.

Thank you for your consideration.