

Executive Summary

Historic Rehabilitation Tax Credit (HRTC)



About the Historic Rehabilitation Tax Credit

The Maine Historic Rehabilitation Tax Credit (HRTC) provides a refundable income tax credit to taxpayers who rehabilitate certain income-producing historic properties in Maine. The credit provides for 25% of a taxpayer's certified qualified rehabilitation expenditures on a certified historic structure in Maine. The credit can be increased to 35% of the qualifying expenses if the project being rehabilitated is certified by MaineHousing as a new affordable housing project. The credit is fully refundable and is available to taxpayers across four years, with 25% of the credit taken each year. The current version of the HRTC was enacted in 2008 and is administered by Maine Historic Preservation Commission (MHPC) in consultation with Maine Revenue Services (MRS) in accordance with Title 36 §5219-BB.

Program Goals: Historic Preservation, Affordable Housing Development, Community Revitalization, and Economic Impacts and Jobs.

Maine's HRTC, like many other state historic rehabilitation tax credits, is built on the scaffolding of the federal rehabilitation tax credit and relies on the definitions and standards of that credit.

Maine's HRTC Demonstrates Positive Progress Towards Program Goals

We found that:

- Project Administration. MHPC is administering the HRTC effectively, and having Maine's HRTC built upon the federal rehabilitation tax credit administered through the National Park Service provides both efficiency for the State and applicants and quality control via layered project approvals.
- Best Practices. Maine's credit reflects most of the design elements recommended by the National Trust for Historic Preservation aimed at maximizing historic preservation for similar credits. Additionally, Maine's credit follows many tax expenditure best practices identified by the Government Accountability Office and other state evaluation offices.
- Program Data. The HRTC's reporting requirements are more robust than those of other tax expenditures OPEGA has reviewed. The required reporting is also aligned with program goals. Program data is sufficient for evaluation, but reliability could be increased going forward with data management improvements.
- Program Performance. The HRTC's design is aligned with its goals to drive increased historic preservation, affordable housing, community revitalization, and economic impacts and job creation in the State. Program data also demonstrates positive outcomes for each of the program goals.

Opportunities for Improvement

OPEGA identified opportunities for improvement in the areas of data management, jobs data, reporting to the Legislature, the small project credit, and property types eligible for the credit.