

October 18, 2018

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Senator James Beach, Chair
Members of the State Government, Tourism, Gaming and
Historic Preservation Committee
Statehouse Annex
Trenton, New Jersey

Re: "Historic Property Reinvestment Act" (S1740/S2031)

Dear Senator Beach and Members of the Committee,

I am Courtenay Mercer, Executive Director of Downtown New Jersey. Downtown New Jersey (DNJ) is a non-profit membership organization of individuals, businesses, developers, government agencies, and local and regional entities that are passionate about downtowns. Downtowns reflect our communities' unique identities, provide a focal point, a convenient local place of commerce, and offer a sense of place where people can gather and truly be a community. DNJ provides advocacy, education, and technical assistance resources dedicated to ensuring the vitality of our downtowns.

In furtherance of our efforts to support and enhance the economic vitality of New Jersey's downtown, DNJ is here to express support for S1740 & 2031, the Historic Property Reinvestment Act.

Thirty-five states have a historic preservation tax credit. Without a historic preservation tax credit, New Jersey is missing out on a proven tool for economic growth and revitalization. Rehabilitating a historic structure is often more expensive than tearing down the structure and building new. It is the historic structures, however, that provide character and interest to a community. Time and time again, some group or another releases a list of the "best downtowns" – most of the towns on those lists are historic. History and character are what today's consumer demands.

Beyond aesthetics, rehabilitation brings vacant properties back to the tax rolls. Rehabilitation increases property values, resulting in increased property tax revenue for the town. Revitalized buildings also mean new business, which increases sales tax and income tax revenue for the state. The federal government realizes \$1.25 back on each dollar it invests in this program. Several states have also measured the fiscal impacts of their historic tax credit programs on the state treasuries. These states have seen immediate and measurable positive impacts on state tax revenues, with tax credits returning as much as \$8.00 to state treasuries for every dollar of credit given.

States with state-level historic tax credit programs also attract far more funding from the federal program. For instance, Kansas, before creating its own state program, completed around 50 projects over 21 years with the federal credit, with a combined \$114 million in investment. After instituting its state program, Kansas completed 542 projects in 8 years, representing a total investment of \$271 million. To bring it a little closer to home, from 2002 to 2016, 505 federal tax credit projects were constructed in Maryland, resulting in over \$2 billion in total development. In contrast, NJ only received federal program funding for 151 total projects totaling \$1 billion in development over the same 14-year period. We

Courtenay D. Mercer, PP, AICP
Executive Director

see the same outcomes in our other neighboring states. Without its own state program, NJ is missing out on development and rehabilitation opportunities to our neighbors.

DNJ sees the historic tax credit envisioned in the Historic Property Reinvestment Act as another tool in the economic development tool box that will assist downtowns in revitalizing underutilized and vacant properties. As further information, we are enclosing a map of the 35 other states that have historic tax credit programs, as well as the federal tax credit program impacts in NJ and surrounding states. We thank you for this opportunity to present DNJ's support for this important legislation that positively impacts our downtowns. Please do not hesitate to contact DNJ for additional information on this, or other matters related to the economic vitality of our downtowns.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Courtenay D. Mercer', with a long horizontal stroke extending to the right.

Courtenay D. Mercer, PP, AICP
Executive Director

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