

# Okla. Historic Rehab Tax Credits: good policy – no boondoggle



The Oklahoma legislature, lead in large part by State Rep. David Dank, is taking a hard look at tax incentives this legislative session. Dank has asserted that Oklahoma's tax credit system is convoluted and wasteful, and he has been advocating the repeal of many Oklahoma tax credits, including the historic rehabilitation tax credits. While the repeal of some of the Oklahoma tax credits may be warranted, the historic rehabilitation tax credit should be left intact, since that credit has actually accomplished what it was designed to do – promote historic preservation, revitalize communities and create jobs.

Like similar credits in thirty other states, the Oklahoma historic rehabilitation credit piggy-backs the Federal historic rehabilitation tax credit. The positive economic impact of the federal historic rehabilitation tax credits has been studied extensively and is well documented. One such source is the Federal Tax Incentives for Rehabilitating Historic Buildings, Statistical Report and Analysis for Fiscal Year 2011 prepared by the National Park Service (the "Report"). In its Report, the National Park Service states that rehabilitation projects that qualified for the historic

rehabilitation credits in 2011 created an estimated 55,458 new jobs nationwide, in spite of the downturn in the economy, which particularly affected the real estate market. The Report further indicates that in 2011 alone the historic rehabilitation credits resulted in \$3.47 billion in private investment in completed rehabilitation projects around the country.

Since Oklahoma adopted the historic rehabilitation tax credit, many historic buildings in need of major renovation in Oklahoma City, Tulsa and other cities and towns have been restored. According to information available through the Oklahoma State Historic Preservation Office, over \$47 million dollars in rehabilitation expenditures for Oklahoma historic preservation projects were certified by the National Park Service in 2011. Historic buildings restored in Oklahoma City include the Park Harvey, the Classen, the Candy Factory, the Founder's Tower, the City Place and of course the Skirvin Hotel.

Historic buildings restored in Tulsa include the Philtower, the Mayo Hotel and the Mayo Office Building. Smaller towns have also benefited from the historic rehabilitation tax incentives. In Muskogee, for example, both the Surety Building and the Manhattan Building were restored and are now residential rental properties for fixed income seniors. Without the historic rehabilitation credits, none of these projects would have been economically feasible, and these old buildings would have continued to sit either vacant or in disrepair. Instead, the credits have been instrumental in the preservation of these historic places that give our cities, towns and rural areas their special character.

Because of the credits, Oklahoma developers have been able to attract new private investment to historic preservation projects. The Oklahoma historic projects resulting from the tax incentives have also generated jobs, enhanced property values and increased revenues to the local areas. In 2007,

historic building preservation projects in Oklahoma qualifying for the state and federal historic rehabilitation credits created 3,186 jobs and resulted in an additional \$96 million in gross state product according to the Economics Impact of Historic Preservation study conducted by Preservation Oklahoma, Inc.\*

While some reform of the Oklahoma tax credit system may be prudent, we need to be careful not to throw the baby out with the bathwater. The historic rehabilitation tax credits are clearly having a positive economic impact on our state and local communities and should be not be repealed.

– [Elizabeth K. Brown](#), Tax Counsel to Real Estate Professionals in Historic Preservation Projects

Keep abreast of the latest tax credit policy developments impacting your historic preservation projects. For more information, contact Elizabeth K. Brown: (405) 235-4100.

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\*"Economic Impact of Historic Preservation in Oklahoma," is a research Study conducted for Preservation Oklahoma, Inc. by Rutgers Edward J. Bloustein School of Planning and Public Policy released in 2009.