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HEADLINE: State bills aimed at updating tax credit

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CUMBERLAND -- Local lawmakers will consider legislation this week that would extend and revise the tax credit program aimed at renovating and revitalizing existing areas.

The legislation would reauthorize the Maryland Heritage Structure Rehabilitation Tax Credit Program, set to expire June 30, and revise current practices to make it "a true tax credit," said Gene Bracken, executive director of the *Greater Baltimore Committee*, and streamline the approval process for qualified projects.

Bracken said from the standpoint of a developer and business advocate, "this was a great tool because it enables developers to do projects that might not otherwise get done. It nurtured, fostered a lot of these revitalization projects."

Senate Bill 258 will be heard before Sen. George Edwards and the Budget and Taxation Committee at 1 p.m. Wednesday. Its companion bill in the House, HB 309, is to be heard at 1 p.m. Thursday before Delegate LeRoy Myers and the Ways and Means Committee.

The bills would authorize the granting of up to \$100 million in historic rehab tax credits over the next five years. Instead of waiting an indefinite period of time for a project to be approved, applications received by the Maryland Historical Trust would be accepted on a first–come, first–served basis. Local investors have received more than \$1.2 million in tax credits in the past eight years for 13 commercial projects and six residential projects in Cumberland and Frostburg.

"The city will be an advocate for the continuation and expansion of the program," McKenney said, adding City Administrator Jeff Repp is scheduled to provide testimony in support of the bills.

To date, the tax credit has worked much like a grant program. When the funds run out, no more grants are given. The bills would make it a credit–based program in which the credit wouldn't be claimed until two years after the project's completion.

The fiscal delay should help the legislation pass muster despite the economic difficulties, Bracken said. The latest figures available indicate the renovated projects show a return of \$1.02 in the first year for each dollar invested. By year five, the amount inflates to \$3.31, according to figures from a task force study.

While much of the program has centered around commercial and residential projects in Baltimore County, Allegany County has benefited from the program on a number of occasions since 2001.

In 2003, Larry Jackson of the Town Centre Development Group received \$260,000 in tax credits on a \$1.3 million rehab project on the Deal Building at 200 Glenn St. Bill Freas of Rehab First received \$142,313.58 in tax credits while spending more than \$700,000 on rehabbing the CareVentures Building at 157 Baltimore St.

A property has to qualify for the program, said Kathy McKenney, Cumberland's historic planner and preservation coordinator. McKenney is the area's point of contact for information related to the program. She said a property has to be in a locally zoned historic district, on a national registered district or listed on the National Register of Historic Places individually. It also can be listed on a state register, she said.

McKenney said property owners often take advantage of both the state and local preservation incentives to make a project more feasible.

Other more prominent ventures include Michael Joy's rehabbing of 49 Liberty St. and creating Liberty Street Lofts. The project brought Joy \$140,000 at an initial project cost of \$700,000.

The largest residential rehabilitation project was H. Stanley Lambert's \$245,700 to renovate 522 Washington St. Lambert received \$49,140 in tax credits.

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