

## **Historic Tax Credit Growth and Opportunity Act (HTC-GO)**

On Friday, May 17<sup>th</sup>, legislation was introduced in the House of Representatives that would make important changes to the Historic Tax Credit. The bipartisan Historic Tax Credit Growth and Opportunity Act (HTC-GO) would bring more value to historic tax credits and improve access to the credit and investment for smaller rehabilitation projects.

The legislation was introduced in the House of Representatives by Congressmen Darin LaHood (R-IL), Earl Blumenauer (D-OR), Terri Sewell (D-AL) and Mike Kelly (R-PA).

HTC-GO brings more value to HTC transactions and encourages redevelopment of smaller, income-producing properties by:

- Eliminating the HTC Basis Adjustment requirement. Presently, the tax code requires that building owners subtract the amount of HTCs from a building's basis (the amount a property is worth for tax purposes). In short, the federal government is giving an incentive and then taxing that incentive. Eliminating this requirement will bring more value to all HTC projects by increasing the basis of rehabilitated historic buildings for building owners, provide additional depreciation and other tax benefits, and attract more capital from tax credit investors.
- Increasing the credit from 20 to 30 percent for projects with rehabilitation expenses of less than \$2.5 million;
- Encouraging more outside investment for smaller projects (under 2.5 million) by allowing the transfer of the credits as a tax certificate;
- Making it easier to meet the substantial rehabilitation test; and
- Creating greater flexibility for nonprofit organizations to partner with developers in redevelopment projects.