

Weekly Legislative Update for State Historic Preservation Offices

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HURRICANE KATRINA THREE YEARS LATER

Today, one day short off Hurricane Katrina's three-year anniversary, Mississippi's Deputy State Historic Preservation Officer Ken P'Pool is preparing to evacuate his coastal staff in anticipation of Hurricane Gustav, now gaining force along Hurricane Katrina's 2005 route. On August 29, 2005 the most costly hurricane in our nation's history touched down on the Gulf Coast. The effects of this storm persist in communities from New Orleans to the eastern edge of the Mississippi Gulf Coast.

At the end of this year, temporary increases to the Federal Rehabilitation Tax Credit in the Gulf Opportunity Zone (GO Zone) will sunset.

Soon after the 2005 storm, in the GO Zone, the FRTC was increased from 20% to 26% until the end of 2008. In these specially designated areas, the 10% credit was temporarily increased to 13%. Delays in access to the most damaged areas and increases in the cost of construction (30%) and insurance (200% - 400%) have made the tax credit increase all the more important. Delays and increased costs have created devastating financing gaps.

The Joint Committee on Taxation, the evaluating body of the House and Senate tax committees, estimated this temporary increase would cost the federal government \$78 million, assuming an end-of-2008 sunset. As of spring of this year, the real price tag, based on real costs, was only \$13.1 million.

Between October of 2005 and March of this year, in Mississippi, qualified expenditures in FRTC projects equaled \$27 million. The cost of the 6% increase there was \$1.6 million, while \$94.9 million worth of expenditures sat in the pipeline. Not all of these projects can be completed by the end of this year. In Louisiana, the State Preservation Office recorded \$193 million in FRTC qualified expenditures.

Advocates for historic preservation in affected states lobbied in March for a continuation of this increase. Gulf state advocates persisted with this request, as did Preservation Action and the National Trust for Historic Preservation. It was hoped the extension would be included in a bill of extensions to many federal tax policies passed a few months ago. This did not come to pass. With only three weeks left on Congress's legislative calendar, an extension seems less and less likely.

This fall, a research intern supported by the Washington Center and the Center for Preservation Initiatives, Preservation Action's tax-deductible sister organization, will be gathering information from Go Zone communities, nonprofits, businesses, property owners, and State Preservation Offices to help in preparing an analysis of lessons learned from the 2005 hurricanes focused on historic resource recovery and rehabilitation. Preservation Action hopes to use this information to advocate for improvements to federal preservation policies, with or without a precipitating natural disaster.

The Latest Congressional Report Card:

<http://www.preservationaction.org/states/8.11.2008report%20card.htm>

