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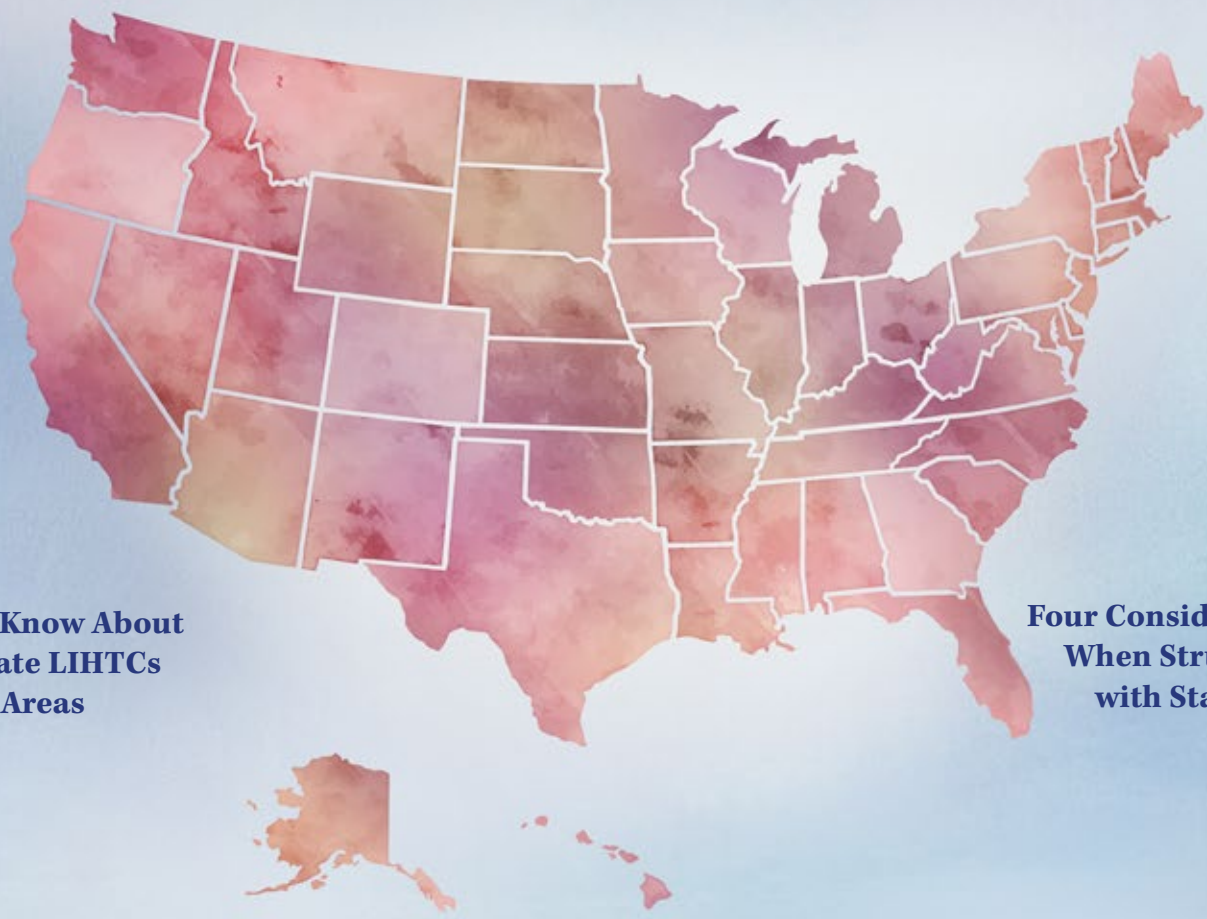
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Strong Advocacy Saves the Louisiana State Historic Tax Credit



CINDY HAMILTON, HERITAGE CONSULTING GROUP

Since the creation of the Louisiana commercial tax credit in 2002, this state historic tax credit (HTC) has helped hundreds of redevelopment projects pencil out. In major cities and rural areas alike, Louisiana's HTC has complemented the federal HTC with an additional 25% credit and a generous program cap of \$125 million. The combination of state and federal credit opportunities has made Louisiana one of the most productive states in terms of project volume: According to the annual report from the National Park Service (NPS), from FY 2019 through FY 2023, Louisiana claimed 414 completed projects, with qualified rehabilitation expenses (QREs) surpassing \$1.43 billion.

For Louisiana residents, the results have been clear for more than two decades, transforming vacant structures into office space, hotels, apartments and more. Despite all these visible successes, the program nearly met an untimely end in 2024, landing on the chopping block as Gov. Jeff Landry and the state Legislature proposed a budget that would have slashed the state HTC and many other financial incentives. Fortunately, the members of the Louisiana Historic Tax Credit Coalition (LA HTCC) mobilized quickly, leveraging their longstanding relationships and strategic advocacy to save the credit and the countless projects that depend on it.

State Historic Tax Credits

Most states offer their own versions of HTCs. These state HTCs are essential to the HTC toolbox; in many cases, they are the tipping point between whether redevelopment of an older building is financially feasible or not. Because of their importance to the

capital stack, state HTCs are also responsible for creating high-wage local jobs—more than new construction can claim, since rehabilitation projects rely on more skilled labor. Thus, according to the National Trust for Historic Preservation's calculations, approximately 75% of the economic benefits of rehabilitation projects—of the sort that state HTCs make possible—remains in the communities where the buildings are located. State HTCs (like their federal counterparts) also offer several other advantages, from energy conservation to community revitalization, all of which demonstrate that these credits consistently provide a strong return on the public investment.

A Credit to Louisiana

Among the various models of state HTC, Louisiana's has long been considered among the leaders. Initially created to encourage the redevelopment of income-producing historic buildings in the state's downtown development

districts, it was subsequently expanded to include historic buildings in certified cultural districts, then expanded again to include National Register-eligible buildings. Eligible redevelopments in urban and suburban areas can receive a 25% credit for expenses; for those located in rural areas (according to census definitions), the credit increases to 35%, incentivizing investment throughout the state. The HTC is administered by the Louisiana Office of Cultural Development, Division of Historic Preservation (the state's historic preservation Office) and the Louisiana Department of Revenue, ensuring that all qualified rehabilitations comply with both the Secretary of the Interior's Standards for the Treatment of Historic Properties as well as the standards for appropriate project costs.

The results have been clear. In 2023, the Louisiana commercial tax credit program helped fuel the submission of 153 Part 1 applications, 106 Part 2 applications, and 112 Part 3 applications in the state. The estimated QRE at project completion that year amounted to \$334 million—rehabilitation expenses that translated to payrolls, salvaged building fabric and community investment. According to an article in the Greater Baton Rouge Business Report, the credit is responsible for the renovation of approximately 100 buildings in the past 20 years in Baton Rouge alone; statewide, more than 1,800 structures have been rehabilitated thanks to the program.

Despite these measurable achievements, in recent months, the state HTC was in the crosshairs of an administration and legislature looking to cut overall costs. In his *Louisiana Forward Tax Reform* package, Gov. Landry proposed a number of bills aimed at simplifying the state's tax system by capping individual income tax rates and eliminating popular tax credit programs such as the state HTC. Although reasonable on the surface, these proposed cuts swept up many credits that more than pay for themselves. Ultimately, the stakeholders applauded the balancing act and efforts

made by the governor's office and Legislature to move the state's tax code in the right direction while also preserving the HTC and recognizing the value it brings to communities. The Preservation Resource Center of New Orleans estimates that for every \$1 spent on the credit, the state receives almost \$9 of economic activity.

Louisiana Historic Tax Credit Coalition (LA HTCC)

Fortunately for developers and advocates throughout the state, Louisiana has an active and longstanding state HTC Coalition that took action when the November special legislative session was announced to take up the bills. Stonehenge Capital has led or co-led the statewide industry coalition over the 20 years since the inception of the program. The LA HTCC is an informal group of industry stakeholders, including architects, contractors, lawyers, engineers, financiers, bankers, consultants, preservation professionals and nonprofit leaders. Together, they speak with one voice to advocate for and protect the statewide program. In anticipation of the 2024 Louisiana special session, the coalition looked to Whitney LaNasa, who also serves on the board of directors for the Historic Tax Credit Coalition, and Patrick West, vice president at Stonehenge Capital, for strategic direction and resources. The coalition is truly a grassroots group that speaks with one voice and provides a "face" to the program. As LaNasa says, "We start with a dedicated and passionate group who share the coalition's goals. This group drives the initial efforts and sets the tone and strategic direction around legislative cycles."

With decades of experience and relationships, Stonehenge Capital quickly assembled a base of supporters; the LA HTCC's nonprofit partners, meanwhile, are skilled at getting out messaging and organizing advocacy statewide. The grassroots nature of the LA HTCC is key, relying on collaboration and compromise among members to earn goodwill with lawmakers.

Together, the LA HTCC members assembled a list of key legislators—highlighting those in districts with active and completed projects—and enlisted constituents to personally reach out to those lawmakers, putting a “face” on the success of the program. They also prepared materials for the governor’s office and the Secretary of the Department of Revenue, deploying statistical data to make the case for the economic impact of the program. A core team from the LA HTCC was responsible for preparing all messaging, testimony and presentation materials that fueled these approaches.

Their efforts paid off, as 20 years of coalition-building bore fruit in just a few busy weeks. By the time the special legislative session closed Nov. 22, 2024, several other tax rebates, credits and deductions were eliminated—but the state HTC survived. The bill was signed by the governor Dec. 4, 2024. Although the cap for the program was lowered to \$85 million, it otherwise remained intact, as the LA HTCC had demonstrated its value for Louisiana.

Lessons from a Success Story

As other states face budget pressures and contemplate cutting their own state HTCs, Louisiana and its HTCC offer lessons on how to make the case for the value of these programs. First and foremost, the coalition encourages open communication and collaboration year-round, not just when critical advocacy moments arise. “We host regular meetings and updates,” LaNasa said. “We give and accept feedback so that everyone is aligned and motivated.” Grounded in this grassroots spirit, the LA HTCC is then poised to organize when specific risks do emerge: “We believe that it is paramount to know all stakeholders and their roles and contributions,” LaNasa said. “By keeping engaged, the industry can be activated and will engage in an effort more quickly and efficiently.” Amplified by calls, emails and visits from individual stakeholders, the LA HTCC’s calls to action ensured that Louisiana can remain a leader in state HTCs for years to come. ❖

Cindy Hamilton is president of Heritage Consulting Group.

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