

# Minnesota Historic Rehabilitation Tax Credit Program as Economic Development 2010-2011

The Minnesota Historic Rehabilitation Tax Credit Program (HRTC) was established by the State of Minnesota in 2010 through the Jobs Stimulus Bill. The program is a catalyst to leverage additional private and public investment to stimulate economic development statewide, including job creation in the construction sector. Often underutilized or vacant before renovation, the first group of HRTC properties are now returning significant economic benefit to the State and their communities.

## How Much Economic Activity is Being Created?

The November 2011 *Economic Impact Analysis* by the University of Minnesota Center for Community Vitality evaluated the first year of the HRTC.(1) A total of 14 projects received preliminary approval and returned the following anticipated and impressive results:

- **The total economic impact of projects leveraged by the HRTC is \$451 million;**
- The HRTC has a **ROI to the State of \$9.20 : \$1**, one of the best returns among State HRTCs nationwide;(2)
- An estimated 90% of products used in the renovation can be made in Minnesota **assuming a \$250 million direct spending impact to state manufacturers;**
- Indirect sales impacts total \$93.6 million, including 532 jobs in all economic sectors;
- For every \$1 of State investment, **the Developer spends \$7 of his/her own money;**
- **A total of 2,948 direct, indirect, and induced jobs** are created by the HRTC with 608 induced jobs in the food, beverage, and retail sectors fueled by \$152 million in labor income;
- There is direct impact on the local economy when renovation investment generates increased property taxes;
- **Four of the 14 projects (1/3) in the study were previously vacant; (3)**
- As of November of 2011, the HRTC has 14 additional applicants. Many of these **total 28 projects** would not have gone forward but, for the HRTC.



**St. Louis County Jail, Duluth**  
*Vacant for 18 years, the County-owned Jail was headed for demolition. It has now been purchased by a private developer using the HRTC for commercial mixed-use putting it on the tax rolls for the first time in its history.*

Photo by Doug Ohman, Pioneer Photography

(1) Tuck, Brigid and David Nelson. *Economic Impact Analysis: Economic Impact of Projects Leveraged by the Minnesota Historic Rehabilitation Tax Credit*. Saint Paul, Minnesota: University of Minnesota Extension Center for Community Vitality, November 2011.

(2) Compared to programs in Michigan (\$11.43:\$1), Maryland (\$8.53:\$1), Rhode Island (\$5.35:\$1), and Missouri (\$4:\$1), National Trust for Historic Preservation "State Rehabilitation Tax Credits" website cited November 18, 2011 at <http://www.preservationnation.org/issues/rehabilitation-tax-credits/state-rehabilitation-tax.html>

(3) Abbott Hospital; Saint Louis County Jail; Renaissance Box; majority of the Minneapolis North Branch Library.

