

Minnesota Historic Rehabilitation Tax Credit / Grant as Job Creation 2010-2011

The Minnesota Historic Rehabilitation Tax Credit / Grant Program (SHTC/G) was established by the State of Minnesota in 2010 through the Jobs Stimulus Bill. The program is an incentive to catalyze job creation in the construction industry. Specifically, historic properties create more jobs than new construction because their renovation is more labor- than material-intensive. Estimates were that between 1,500—3,000 jobs would be created annually.

How Many Jobs Are Being Created?

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

- **A total of 2,948 direct, indirect, and induced jobs;**
- **1,808 of those will be construction jobs.** This is 1.1% of the construction labor force. Developers will pay those workers an estimated \$83.7 million for direct labor;
- Jobs in the construction sector are vital. Although construction makes up only 4% of Minnesota's output, it represents **18% of the state's unemployed as of 2011;**(2)
- Architects, engineers, attorneys, and other related and non-related industries saw **532 indirect jobs** created by \$93.6 million in sales output by the projects;
- **Induced jobs total 608** and account for spending by workers in area like food and beverage and general retail;
- The SHTC/G has a **ROI to the State of \$9.20 : \$1** , one of the best returns among such programs nationwide; (3)
- If Minnesota follows other states, more than **1/3 of the program cost will be returned to the State prior to allocating the credit/grant;**(4)
- The state investment per job equaled only \$16,655;
- For every \$1 of State investment, the Developer spends \$7 of his/her own money.



Photo courtesy of Sherman Associates

Riverside Plaza, Minneapolis

Just a few of the more than 150 faces of construction workers put back to work by the SHTC/G at Riverside Plaza on a monthly basis.

- (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) Minnesota Department of Employment and Economic Development (DEED), "Unemployment Insurance Claimant Statistics, October 2011," website cited November 18, 2011 at <http://www.positivelyminnesota.com/apps/lmi/ui/Results.aspx>.
- (3) 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>
- (4) Cronyn, Joseph and Evans Paull. "Heritage Tax Credits: Maryland's Own Stimulus to Renovate Buildings for Productive Use and Create Jobs, an \$8.53 Return on Every State Dollar Invested." *The Abell Report*, Volume 22, Number 1: March 2009.

