

CHAPTER FIVE

**Federal and State Historic Tax Credits: Critical Resources
for Spurring Investment in Historic Properties**

INTRODUCTION AND SUMMARY

This chapter provides an overview and comparison of federal and state historic tax credit (HTC) programs—credits offered for building rehabilitation investment in historic properties. The first section describes the history of the federal HTC. The next section provides an overview and case studies of how the federal HTC has been used in Arkansas. This section includes a discussion of the economic impacts of the federal HTC both nationwide and within Arkansas. The third and fourth sections detail examples of historic tax credits offered by states throughout the United States to further spur historic rehabilitation investment with an in-depth look the state historic tax credit in Arkansas' northern neighbor, Missouri. The last section provides an overview of the state historic tax credit that has been proposed in Arkansas and its potential important uses and critical impacts.

The goal of the federal HTC is to encourage the rehabilitation and preservation of older buildings by the private sector. A number of states offer an additional layer of state HTC financing to further stir rehabilitation investment. To be eligible for the tax credits, buildings must be designated on the National Register of Historic Places or be located in designated national, state, or local historic districts. The historic tax credit programs provide a cost effective way for communities to preserve their history and maintain their unique historic architectural character.

OVERVIEW OF FEDERAL HISTORIC TAX CREDIT PROGRAM

Until 1976, the tax code in the United States favored new construction. The fastest depreciation schedule—a 200 percent declining balance (DB) write-off⁴—was available only for new construction, whereas existing buildings were limited to a 125 percent declining balance schedule. The 1976 Tax Act introduced some historic preservation-supportive measures, such as counting preservation easements as charitable donations. Much more significant was the Economic Recovery Tax Act (ERTA) of 1981. ERTA introduced a three-tier investment tax credit (ITC). A 15 percent ITC was allowed for the rehab of nonresidential income-producing properties at least 30 years old; a 20 percent ITC could be taken for the renovation of the income-producing nonresidential property at least 40 years old; and a 25 percent ITC was available for the rehab of historic, income-producing properties, both residential and nonresidential. These ITCs could be applied against wage and investment income, and syndications to affluent investors were common. For example, a \$1 million rehab of a historic apartment building would qualify under the 1981 ERTA for a \$250,000 ITC, which investors could deduct dollar for dollar against their federal income tax liability according to their pro rata ownership of the historic renovation project.

The 1981 historic preservation ITC was a powerful lure. Historic rehab tax credit (HTC) investment grew from \$738 million in FY 1981 to \$1.128 billion in FY 1982 to \$2.165 billion in FY 1983 and a high of \$2.416 billion by FY 1985 (Exhibit 5.1). There was a

⁴ This tax write-off schedule is twice the straight-line depreciation on the declining balance being depreciated.

spectacular increase in the number of HTC projects as well (U.S. Department of the Interior 1997a).

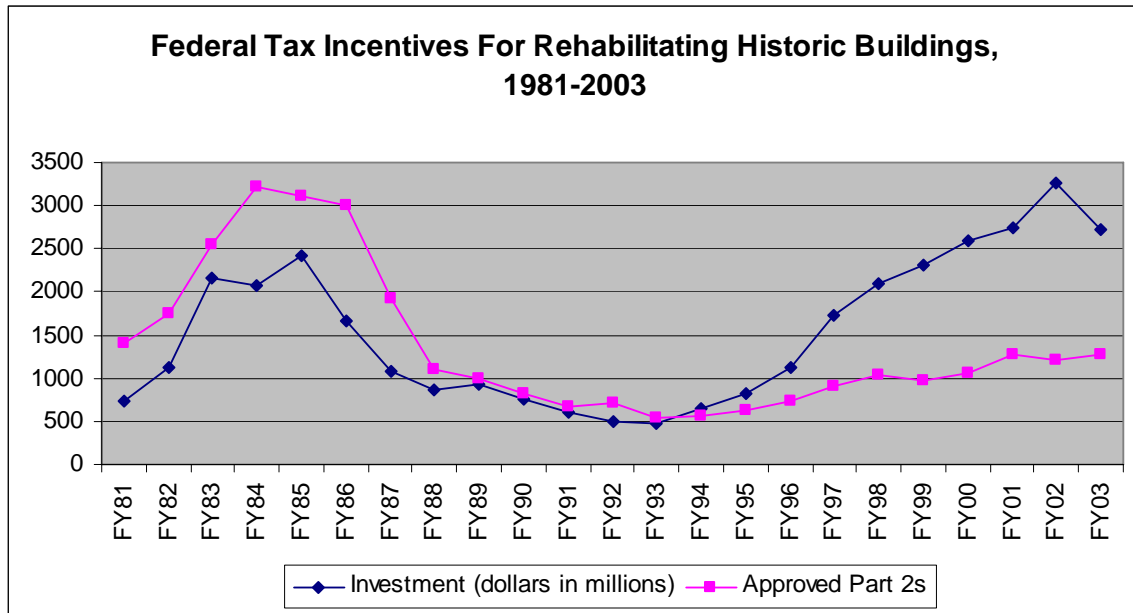
The 1986 Tax Reform Act (TRA) dramatically changed the ITC's provisions. Instead of a 15 to 20 percent ITC for income-producing nonresidential properties 30 to 40 years old, respectively, the 1986 act reduced the ITC and applied it only to buildings built prior to 1939. In addition, the 25 percent ITC for rehab of historic, income-producing properties⁵ was reduced to 20 percent. To qualify for the 20 percent historic ITC, the rehabilitated property had to be a "certified historic structure" (i.e., a building individually listed on the National Register of Historic Places, or located in, and contributing to, the historic significance of a registered historic district);⁶ a rehab had to be "substantial" (i.e., more than \$5,000 or the adjusted basis of the renovated property, whichever was greater); and finally, the rehab had to be certified. To be certified, the rehab must be approved by the National Park Service (NPS) as being consistent with the historic character of the property and, where applicable, the district in which it is located, using the Secretary of the Interior's Standards for Rehabilitation as a guide. The same three provisions were in place under the 1981 ERTA historic rehab ITC; however, the Tax Reform Act capped the ITC at 20 percent and severely restricted application of the ITC against earned income. Investment in real estate limited partnerships was classified by the 1986 Tax Reform Act as "passive income," and under the 1986 "passive activity loss limitation," the passive ITC could generally not be applied against "nonpassive" income (i.e., wages, interest, and dividends). Yet it was precisely the ability to apply the ITC against wages, interest, and dividends that prompted wealthy individuals to invest in a historic rehab limited partnership.

The 1986 Tax Reform Act changes caused investment to plummet. From a high of 3,117 projects with an aggregate \$2.4 billion investment in FY1985, historic (rehab) tax credit (HTC) activity dropped to a low of 538 projects with an aggregate \$547 million investment in FY1993. It has subsequently rebounded, in part due to generally reinvigorated real estate investment, to 1,250 projects totaling \$2.7 billion in FY 2003, but it is still below ERTA-era levels (Exhibit 5.1). To date, the HTC has generated over \$31 billion dollars in historic preservation investment, proving it one of the most effective tools for rehab.

⁵ There have been numerous proposals to extend the federal 20 percent HTC to historic, owner-occupied (not income-producing) properties, but to date this change has not been made. Numerous states, however, that grant state HTCs do extend the credit to owner-occupied historic properties.

⁶ A registered historic district includes both those districts listed on the National Register and any state or local historic districts in which the district and enabling statute are certified by the Secretary of the Interior.

EXHIBIT 5.1



Source: U.S. Department of the Interior, National Park Service (2004).

Since its inception, the HTC has been available for both housing and nonresidential projects. In fact, one of the features distinguishing the HTC from the nonhistoric ITC is that the former can be used for housing while the latter cannot. In practice, the HTC has often involved housing or mixed-use (housing and nonresidential) investment. Although data are not readily available on the dollar distribution of HTC investment by type, we can track the type of projects. This distribution indicates that about half of the HTC projects were exclusively housing and another 20 to 30 percent were in the mixed-use/other category. The remainder were commercial/office renovations.

Exhibit 5.2 tracks the number of housing units produced under the auspices of the HTC. In the heady ERTA years, 15,000 to 20,000 units were created annually under the HTC. That fell to an annual level of 5,000 to 10,000 units in the years immediately following the 1986 Tax Reform Act. Activity has rebounded somewhat in the past few years to a HTC production of 10,000 to 15,000 units yearly.

Since the inception of federal historic preservation tax incentives, 325,411 units have been completed. Of that total, 186,444, or 57 percent, were existing housing units that were rehabilitated, and 138,971, or 43 percent, were “newly” created housing units (e.g., housing resulting from the adaptive reuse of once-commercial space).

EXHIBIT 5.2
Historic Rehabilitation Tax Credit Projects Involving Housing
Fiscal Year 1978 to Fiscal Year 2003

<i>Fiscal Year (FY)</i>	<i>Total Number of Housing Units Completed</i>	<i>Number of Units Rehabilitated</i>	<i>Number of Units Created</i>	<i>Total Number of Low/Moderate Units</i>	<i>Percentage of Low/Moderate Units to Total Number of Housing Units Completed</i>
FY1978	6,962	3,876	3,086	1,197	17
FY1979	8,635	4,807	3,828	1,485	17
FY1980	8,349	4,648	3,701	1,435	17
FY1981	10,425	6,332	4,093	3,073	29
FY1982	11,416	6,285	5,131	2,635	23
FY1983	19,350	12,689	6,661	3,792	20
FY1984	20,935	16,002	4,933	142	1
FY1985	22,013	16,618	5,395	868	4
FY1986	19,524	12,260	7,264	640	3
FY1987	15,522	11,306	4,216	1,241	8
FY1988	10,021	7,206	2,815	592	6
FY1989	11,316	7,577	3,739	2,034	18
FY1990	8,415	6,098	2,317	1,993	24
FY1991	5,811	4,081	1,730	1,288	22
FY1992	7,536	5,523	2,013	1,762	23
FY1993	8,286	5,027	3,259	1,546	19
FY1994	10,124	6,820	3,304	2,159	21
FY1995	8,652	5,747	2,905	2,416	28
FY1996	11,545	5,537	6,008	3,513	30
FY1997	15,025	5,447	9,578	6,239	42
FY1998	13,644	6,144	7,500	6,616	48
FY1999	13,833	4,394	9,439	4,815	35
FY2000	17,266	5,740	11,530	6,668	38
FY2001	11,546	4,950	6,596	4,938	43
FY2002	13,886	5,615	8,271	5,673	41
FY2003	15,374	5,715	9,659	5,485	36
FY1978–2003	325,411	186,444	138,971	74,245	23

Source: Dodge (2004).

Of the 325,411 total housing units completed under federal historic preservation tax incentive auspices since the late 1970s, 74,245 or 23 percent, were affordable to low-and/or moderate-income (LMI) families. That averages to about 2,855 LMI units per year. In FY 2003, 5,485 LMI units were produced under the HTC. While these figures are not large in an absolute sense, given national LMI housing needs, they are noteworthy when compared with some better-known affordable housing production programs, such as the 5,000 new public housing units authorized in 1993 and the 8,300 HOME program units supported in 1994 (Wallace 1995, 795). The HTC is largely invisible in the housing literature, yet it deserves much greater attention, given its total and LMI housing unit production. The LMI share of HTC housing units is growing. From FY 1994 through FY 2003, 36 percent, on average, of all HTC housing has been at LMI levels. In FY 2002, the LMI share of all HTC units rose to 41 percent (Exhibit 5.2).

One way developers use the HTC to create affordable units for LMI households is by “piggybacking” the HTC’s benefits with other subsidies. Piggybacked financing packages can include reduced or exempt local property taxes, a federal tax benefit from creating a preservation easement, and housing subsidies such as the low-income housing tax credit (LIHTC).

The gain in equity yielded from combining the LIHTC with the HTC is shown in Exhibit 5.3—as an example, \$2.5 million mixed-use (\$2 million housing, \$0.5 million nonresidential) rehabilitation project. With the LIHTC alone, \$1,147,550 in equity is created from the \$2 million in housing rehabilitation; combining the LIHTC and HTC yields \$1,368,000 in equity for the mixed-use project, or \$220,500 more. Although the federal tax code requires that the credit from the HTC be subtracted from the housing expenditures in calculating the LIHTC (see “less HTC calculation” in Exhibit 5.3), this is more than offset by two features of the HTC unavailable with the LIHTC: (1) the HTC is applicable to the nonhousing portion of the project; and (2) the HTC’s credit allowance—20 percent—can be taken in the first year after project completion, whereas the LIHTC’s maximum annual credit allowance—9 percent—is taken over 10 years. Given the time value of money, the decade length of the LIHTC reduces its current value. (The LIHTC’s total maximum credit over the decade is greater, however, than the HTC’s one-time deduction.)

EXHIBIT 5.3
Example of Applying the Historic Rehabilitation
and Low-Income Housing Tax Credits

<i>Item</i>	<i>Financial Factors</i>	<i>Equity Amount</i>
Historic Rehabilitation Tax Credit (HTC)		
Commercial basis	\$500,000	
Rehabilitation credit %	20%	
HTC for commercial rehab	\$100,000	
Housing basis	\$2,000,000	
HTC %	20%	
HTC for housing	\$400,000	
Total HTC	\$500,000	
Equity yield for HTC	90¢	
Equity from HTC		\$450,000
Low Income Housing Tax Credit (LIHTC) combined with the HTC		
Housing expenditures	\$2,000,000	
Less HTC	<\$400,000>	
Eligible basis	\$1,600,000	
Low-income set-aside	75%	
Qualified basis	\$1,200,000	
Annual LIHTC %	9%	
Annual LIHTC amount	\$108,000	
Total LIHTC	\$1,080,000	
Equity Yield for LIHTC	85¢	
Equity from LIHTC		\$918,000
Combined equity		\$1,368,000
LIHTC alone		
Housing expenditures	\$2,000,000	
Eligible basis	\$2,000,000	
Low-income set-aside	75%	
Qualified basis	\$1,500,000	
Annual LIHTC %	9%	
Annual LIHTC amount	\$135,000	
Total LIHTC	\$1,350,000	
Equity yield for LIHTC	85¢	
Equity from LIHTC alone		\$1,147,000
Additional equity from combined credit		\$220,500

Source: Delvac, Escherich, and Hartman (1996) as updated. The equity yield from the HTC has been increased from \$.85 on the dollar (1996 study) to \$.90 on the dollar. The equity yield from the LIHTC has been increased from \$.50 to \$.85 on the dollar.

FEDERALLY-SUPPORTED HISTORIC PRESERVATION ACTIVITY IN ARKANSAS

The federal HTC has been used fairly extensively in Arkansas to support the renovation of historic housing, office, and retail space in the state. Since 2000, the federal historic tax credit program has supported 57 projects totaling more than \$54 million in renovation (in 2006 dollars). The size of projects supported by the HTC has varied from approximately \$10,000 to \$10 million in 2006 dollars.

As shown in Exhibit 5.4, rental housing has comprised the majority of federal HTC projects in Arkansas with the renovations for 43 projects costing more than \$42 million. Commercial projects were the next most common usage with renovation costs for the eight projects totaling more than \$2 million, although this figure was less than a third of the approximately \$7 million cumulatively spent on the four hotel projects.

**Exhibit 5.4: Federal Historic Tax Credit Investment in Arkansas
By Type of Use (2000-2006)**

Use	Cost of Renovation (2006 Dollars)	Number of Projects
Rental Housing	\$42,301,213.60	43
Commercial	\$2,729,525.35	8
Hotel/Inn	\$7,333,676.38	4
Mixed Use	\$2,049,365.00	1
Farming	\$21,134.99	1
Total	\$54,434,915.32	57

As shown in the year-by-year breakdown in Exhibit 5.5, the overall high number of federal HTC housing rehabilitation investment is due to the use of the HTC as part of a large, scattered-site neighborhood rehabilitation project in the state in 2001. The total rehabilitation costs for that year was more than \$23 million (in 2006 dollars). In comparison, the next highest annual total rehabilitation cost supported by the federal HTC in Arkansas was \$12.3 million in 2004. With the exception of 2001, typically the number of projects has ranged from three to eight and projects have covered a variety of uses, including office buildings, retail, farming, and inns. While the majority of projects are located in Pulaski County, the federal HTC in Arkansas has also been used in nine other counties: Benton, Bradley, Clark, Conway, Garland, Quachita, Searcy, Union, and Washington.

Exhibit 5.5: Arkansas Federal Tax Credit Projects By Year (2000-2006)

Year	Property Name	County	Cost of Renovation Adjusted (2006 Dollars)	Use
2006	415 East 9 th Street	Pulaski	\$670,097.00	Housing
	Cook Building	Pulaski	\$219,635.00	Office/Retail
	Tuf Nut Sterling Daily Building	Pulaski	\$2,049,365.00	Retail/Housing
	George Washington Mason House	Union	\$99,773.00	Inn
	Hot Springs High School	Garland	\$3,088,299.00	Housing

Exhibit 5.5: Arkansas Federal Tax Credit Projects By Year (2000-2006)

Year	Property Name	County	Cost of Renovation Adjusted (2006 Dollars)	Use
	Total 2006		\$6,127,169.00	
2005	Charles R. Craig Building	Benton	\$430,115.62	Office
	Norton Apartment Building	Pulaski	\$363,373.54	Housing
	Omering Apartment	Pulaski	\$192,280.75	Housing
	RoseDale Plantation Barn	Clark	\$21,134.99	Farming
	St. Anthony's Hospital	Conway	\$2,583,871.91	Housing
	St. Joseph's Friary	Washington	\$637,236.42	Housing
	Valley View Jr.	Pulaski	\$228,667.25	Housing
	Willis Apartments	Pulaski	\$207,197.08	Housing
	Total 2005		\$4,663,877.55	
2004	Brown Building	Pulaski	\$355,869.12	Storage
	Ella Carnall Hall	Washington	\$6,814,567.29	Inn/Restaurant
	First Hotze House	Pulaski	\$291,421.78	Office
	Mullins Tudor House	Quachita	\$69,941.23	Housing
	Prospect Terrace Apartments	Pulaski	\$524,559.21	Housing
	West Side Jr. High School	Pulaski	\$4,282,581.79	Housing
	Total 2004		\$12,338,940.41	
2003	Hodge - Cook House	Pulaski	\$442,621.50	Housing
	McDermott House	Pulaski	\$47,280.58	Housing
	McIllwain House	Pulaski	\$104,507.85	Housing
	Zeb Ward Building	Pulaski	\$473,359.10	Office
	Noah Bryan Store	Searcy	\$381,146.29	Office
	Total 2003		\$1,448,915.33	
2002	Davis-Adams House	Bradley	\$178,167.59	B&B
	Powell-Godwin-May House	Quachita	\$267,147.89	Commercial
	220 West 7 th Street	Pulaski	\$254,165.25	Housing
	Total 2002		\$699,480.74	
2001	309 E. 14 th Street	Pulaski	\$10,759.45	Housing
	508 ½ Willow Street	Pulaski	\$55,475.15	Housing
	723 Orange Street	Pulaski	\$62,105.65	Housing
	721 Orange Street	Pulaski	\$62,105.65	Housing
	719 Orange Street	Pulaski	\$62,105.65	Housing
	717 Orange Street	Pulaski	\$62,105.65	Housing
	512 Willow Street	Pulaski	\$62,649.01	Housing
	510 Willow Street	Pulaski	\$64,376.05	Housing
	304-306 W. 8 th Street	Pulaski	\$65,692.58	Housing
	518 Willow Street	Pulaski	\$76,863.87	Housing
	508 Willow Street	Pulaski	\$88,953.14	Housing
	Leonard Apartment Building	Pulaski	\$88,614.38	Housing
	David Holland House	Pulaski	\$109,422.54	Housing
	718 Willow Street	Pulaski	\$110,518.54	Housing
	310 West 6 th Street	Pulaski	\$111,060.57	Housing
	101 Melrose Circle	Pulaski	\$121,668.57	Housing

Exhibit 5.5: Arkansas Federal Tax Credit Projects By Year (2000-2006)

Year	Property Name	County	Cost of Renovation Adjusted (2006 Dollars)	Use	
2000	1401 S. Cumberland	Pulaski	\$135,506.14	Housing	
	616 Orange Street	Pulaski	\$145,817.89	Housing	
	Froug House	Pulaski	\$182,003.35	Housing	
	Kadel-Boullion-Harris Cottage	Pulaski	\$219,201.11	Housing	
	Grange-Orr Apartment Building	Pulaski	\$269,197.57	Housing	
	1509 South Louisiana Street	Pulaski	\$588,509.82	Housing	
	M.O. Gay Apartment Building	Pulaski	\$353,777.31	Housing	
	DP&L Building	Pulaski	\$4,398,603.80	Housing	
	Wallace Building	Pulaski	\$7,003,681.50	Housing	
	Bean Burrow Dry Goods Building	Pulaski	\$9,077,209.79	Housing	
	Total 2001			\$23,587,984.76	
	Wildberger Kadel Cottage	Pulaski	\$164,612.94	Housing	
	Fletcher –Heiskell House	Pulaski	\$241,168.50	Inn	
	Edwards Building	Benton	\$310,830.53	Commercial	
	Hot Springs High School Annex	Garland	\$4,851,935.55	Housing	
Total 2000			\$5,568,547.53		
Grand Total 2000-2006			\$54,348,186.12		

Examples of the Use of the Federal Historic Tax Credit in Arkansas

The use of the federal HTC in Arkansas has positively impacted the state in a way that has benefited both residents and visitors and supported the revitalization of commercial districts, as well as entire neighborhoods. This next section provides details on several illustrative Arkansas projects and how the historic rehabilitation positively impacted the host neighborhoods.

Mountain Valley Spring Company Headquarters

The Mountain Valley Spring Company in Hot Springs used the federal HTC to help finance the renovation of its original headquarters in 1987. The building is part of the historic bathhouse row in downtown Hot Springs and is on the National Register of Historic Places. The rehabilitation work created open plan office space on the upper floors of the building and a visitor’s center on the first floor. Overlooking the original spring, the visitor’s center serves both vacationers and community members with its museum of artifacts from the company’s 130-year history and water sales services.

North Little Rock Neighborhood Revitalization

In 2000-2001, the Argenta CDC used a combination of federal HTC and Low-Income Housing Tax Credit (LIHTC) to restore 15 units as part of a larger 31 unit scattered site neighborhood rehabilitation project in downtown Little Rock. Building types rehabilitated in the district on the National Historic Register included single family homes, duplexes and small apartment buildings. While the CDC has always placed a high priority on preserving historic character, the use of the HTC made it financially

feasible to provide housing units at below the market rate. The organization worked with both a preservation architect and neighborhood historian to ensure the construction work accurately captured the historic character of the neighborhood. Monty Richard, resource development coordinator for the Argenta CDC, described this rehabilitation effort as launching a major turning point in the overall development of the neighborhood. Prior to this project, the area was perceived as a “shabby one close to downtown,” but now it is viewed as a “niche” neighborhood. Rehabilitating such a large number of properties in North Little Rock stimulated a “waterfall” of additional private investment in the district. Since 2001, property values have increased as much as 100 percent, according to Richard.

Camden Rental Housing Rehabilitation

Henry Pryor, Senior Vice President, Farmer’s Bank and Trust described the use of the federal HTC in the renovation of a 1932 Tudor-style house in Camden. Drug dealers had inhabited the 1700 square foot house, which also had BB gun holes in the walls, worn out carpeting over hardwood floors, and only partially functioning bathrooms. The additional 20 percent capital added to the project by the federal HTC enabled the developer to focus on restoration not just renovation. The Camden rehabilitation work stripped down and refinished the original pine boards, installed complementary historic-style lighting in the house, and installed original pedestal sinks. Without the credits, the developer would not have effected the same level of preservation nor used the same, high quality products. This rehabilitation project in Camden and the focus on restoring the house to its original historic character has helped stabilize the neighborhood.

Converting Public Buildings to Apartments

The ARC of Arkansas is a non-profit social services organization that works with the disabled and their families. It has used the federal HTC on several occasions to convert historically relevant buildings in Arkansas’ downtown areas, such as closed hospitals and schools, into loft-style apartments. “The historic tax credit helps us save great old buildings in the middle of urban areas that no one knows what to do with, but no one wants to tear them down,” commented Steve Hitt, ARC Arkansas Chief Executive Officer. In 2004, the ARC used the federal HTC as part of its financing to convert St. Anthony’s Hospital in Morrilton into 23 apartments for people 55 and older, with 18 of these set aside for low-income residents. The 18,785 square foot building was built in 1937 and was last used in 1970, earning the reputation in the community as a “haunted house”. Following the renovation and conversion, the facility is now inhabited and once again serves the needs of its community.

As illustrated by these examples, the federal HTC in Arkansas serves as an important and flexible tool to support the redevelopment and preservation effort of both community and for-profit organizations. Building rehabilitation that preserves historic character has significant positive impacts on both individual and neighborhood property values in Arkansas.

Total Economic Impacts from the Federal Historic Tax Credit

The following section translates the \$54.4 million total Arkansas federal HTC-attributed direct spending into total economic benefits by applying the Preservation Economic Impact Model (PEIM). An overview of the results is contained in Exhibit 5.6 below. The total economic impacts from the \$54.4 million in spending related to federal historic tax credit rehabilitation at the national level, encompassing both direct and multiplier effects, is: 1,349 jobs; \$37.6 million in income; \$99.5 million in output; and \$57.0 million in GDP. The bulk of the impact is in the State of Arkansas, which receives 767 jobs; \$22.4 million in income, \$72.5 million in output, and \$44.6 million in GDP. The state also benefits from the receipt of \$1.1 million in state and local taxes related to federal historic tax credit spending.

EXHIBIT 5.6
Total Economic Impacts of Federal Historic Tax
Credit-Related Spending, 2000-2006
(\$54.3 Million Spent)

	In Arkansas	Out of Arkansas	Total (U.S.)
Jobs (person years)	767.0	582.0	1,349.0
Income (\$millions)	22,411.1	15,164.1	37,575.2
Output(\$ millions)	72,525.2	26,974.0	99,499.2
GDP/GSP (\$millions)	44,595.6	12,383.7	56,979.3
Total Taxes (\$millions)	5,484.3	930.2	6,414.5
Federal(\$millions)	4,156.6	319.9	4,476.5
State/Local (\$millions)	1,057.9	880.1	1,938.0
In-state wealth (\$millions) (GSP minus federal taxes)	40,439.0	12,063.8	52,502.8

The details of the national economic effects of the total \$54.3 million in direct federal historic tax credit-related spending are contained in exhibits 5.7 and 5.8. Item 1 of Section II shows that the total spending has directly created 817 jobs, \$24.1 million in income and \$35.3 million in GDP. Indirect effects include \$45.2 million of output, 533 jobs, \$13.4 million in income generated, and \$21.6 million in GDP. Together, these effects have created a total of \$99.4 million in output, 1,349 new jobs, \$37.6 million in income, and \$57.0 million in GDP.

As shown under Section I, the majority of jobs created are in the construction (515), services (248), and manufacturing (236) industries. These three industries also generate the largest proportions of income: \$14.1 million, \$6.5 million, and \$8.0 million, respectively. The incomes per job generated by these three industries are \$27,297 (construction), \$26,142 (services), and \$34,104 (manufacturing). The greatest income per job created is in the mining industry (\$43,330). Agriculture has the lowest income per job created (\$13,494).

The jobs created directly due to federal historic tax credit-supported spending pay more on average than jobs created from the indirect and induced effects of federal historic tax credit spending. The jobs directly created have an average income of \$29,549 compared to an average income of \$25,238 for indirectly created jobs. This result is opposite the effect of historic tourism, for which indirectly created jobs have higher average salaries than directly created jobs.

No surprisingly given the previous results, the directly created jobs also contribute to higher average GDP per job (\$43,264 versus \$42,228). This suggests that federal historic tax credit-related spending is more profitable for organizations directly involved than those organizations that are indirectly involved.

Analyzing a more detailed breakdown of the jobs created by industry shows that more than 80% of the construction jobs created are with general building contractors (413.4 out of 515.4). More than a third of the service industry jobs are directly related to construction with 107.4 engineering and management services jobs created out of the 248.4 total service jobs. Interestingly, the largest category under manufacturing is leather and leather products, which is responsible for 50.8 of the 236.0 manufacturing jobs.

State-Level Impacts

Exhibits 5.9 and 5.10 illustrate the total economic impacts of the \$54 million federal historic tax credit spending between 2000 and 2006 within the State of Arkansas. The direct effects of the historic tax credit-related spending in Arkansas are \$48.4 million in output, 767 jobs created, \$22.4 million in income, and \$32.7 million in state GDP, as shown in Exhibit 1.3, Section II, item 1.

Similar to the nationwide economic effects, the greatest impacts in the State of Arkansas is generated by the construction industry, followed by the service and mining industries. Federal historic tax credit-related spending contributed to the creation of 509 construction jobs, 192 services jobs, and 151 manufacturing jobs. Federal historic tax credit-related spending in the construction industry generated \$13.9 million in income and \$21.9 million in GDP for the State of Arkansas. The services industry generated \$5.2 million in income and 5.3 million in GDP in the state, due to federal historic tax credit-related spending. And finally, the manufacturing industry generated \$5.0 million in income and \$7.4 million in GDP in the state due to federal historic tax credit-related spending since 2000.

The income created per job in the State of Arkansas is similar to the national level analysis. The jobs created due to direct effects have an average income of \$29,200 per job, while the jobs created due to indirect effects have an average income of \$22,900 per job. The latter figure is lower than the average income per job created on the national level (\$25,237), which suggests that jobs created within the state due to indirect effects of federal historic tax credit spending pay less on average than jobs created nationally due to the indirect effects of federal historic tax credit related spending.

An evaluation of productivity due to the in-state effects of federal historic tax credit spending also shows that the direct effects have greater impact than the indirect effects. The direct effects produce an average GDP per job of \$42,600. The indirect effects produce an average GDP per job of \$35,500 in Arkansas. The GDP in Arkansas due to indirect effects is also lower than the national GDP from indirect effects of \$40,638.

Exhibit 5.7
National Economic and Tax Impacts of Federal Historic
Tax Credit Spending, 2000-2006
(\$54.3 million)

	Output (000 \$)	Economic Component Employment (jobs)	Income (000\$)	Gross Domestic Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	746.9	4.2	58.7	137.0
2. Agri. Serv., Forestry, & Fish	791.3	18.7	295.8	342.0
3. Mining	2,752.0	19.1	829.0	1,935.9
4. Construction	24,424.0	515	14,068.9	22,250.4
5. Manufacturing	34,159.0	236	8,047.2	13,066.7
6. Transport. & Public Utilities	5,534.2	37	1,423.1	2,638.3
7. Wholesale	4,441.6	49	1,806.2	2,360.1
8. Retail Trade	5,334.5	140	1,960.6	3,150.2
9. Finance, Ins., & Real Estate	6,693.7	77	2,460.0	4,183.0
10. Services	14,189.3	248	6,494.5	6,710.2
Private Subtotal	99,066.4	1,344	37,444.0	56,773.8
Public				
11. Government	432.8	5	131.2	205.5
Total Effects (Private and Public)	99,499.2	1,349	37,575.2	56,979.3
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	54,347.5	817	24,134.4	35,336.6
2. Indirect and Induced Effects	45,151.6	533	13,440.8	21,642.7
3. Total Effects	99,499.2	1,349	37,575.2	56,979.3
4. Multipliers (3/1)	1.831	1.652	1.557	1.612
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				32,401.1
2. Taxes				6,414.5
a. Local				922.1
b. State				1,015.9
c. Federal				4,476.5
General				1,171.0
Social Security				3,305.5
3. Profits, dividends, rents, and other				18,163.7
4. Total Gross State Product (1+2+3)				56,979.3
IV. TAX ACCOUNTS				
1. Income --Net of Taxes		Business	Household	Total
		32,401.1	30,830.3	0.0
2. Taxes		6,414.5	5,939.3	12,353.8
a. Local		922.1	195.4	1,117.5
b. State	1,015.9		992.0	2,007.9
c. Federal	4,476.5		4,751.8	9,228.4
General	1,171.0		4,751.8	5,922.9
Social Security	3,305.5		0.0	3,305.5
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				24.8
Income				691,378.5
State Taxes				36,945.4
Local Taxes				20,562.6
Gross State Product				1,048,412.6

Exhibit 5.8
National Economic and Tax Impacts (Industry Detail) of Federal Historic
Tax Credit Spending, 2000-2006
(\$54.3 million)

	Output (000\$)	Industry Component Employment (jobs)	Income (000\$)
Agriculture	746.9	4.2	58.7
Dairy Farm Products	133.9	0.5	8.0
Eggs	0.6	0.0	0.0
Meat Animals	259.4	0.4	11.7
Misc. Livestock	5.6	0.1	0.5
Wool	1.8	0.0	0.2
Cotton	29.5	0.1	2.9
Tobacco	1.2	0.0	0.1
Grains & Misc. Crops	26.1	0.0	0.6
Feed Crops	72.1	0.0	1.6
Fruits & Nuts	111.6	2.3	18.7
Vegetables	5.6	0.5	0.6
Greenhouse & Nursery Products	65.2	0.2	12.1
Sugar Beets & Cane	7.0	0.0	0.2
Flaxseed, Peanuts, Soybean, Sunflower	27.3	0.0	1.4
Agri. Serv., Forestry, & Fish	791.3	18.7	295.8
Agri. Services (07)	508.5	16.9	270.3
Forestry (08)	280.0	1.5	24.8
Fishing, Hunting, & Trapping (09)	2.8	0.2	0.7
Mining	2,752.0	19.1	829.0
Coal Mining (12)	117.6	0.8	36.6
Oil & Gas Extraction (13)	496.3	1.6	66.5
Nonmetal Min.-Ex. Fuels (14)	2,120.8	16.6	721.4
Metal Mining (10)	17.3	0.1	4.5
Construction	24,424.0	515.4	14,068.9
General Bldg. Contractors (15)	20,304.0	413.4	11,632.6
Heavy Const. Contractors (16)	1,401.0	39.5	906.5
Special Trade Contractors (17)	2,719.0	62.5	1,529.8
Manufacturing	34,159.0	236.0	8,047.2
Printing & Publishing (27)	1,886.8	7.6	253.8
Chemicals & Allied Prod. (28)	117.5	0.2	10.9
Petroleum & Coal Prod. (29)	1,275.5	9.9	242.1
Rubber & Misc. Plastics (30)	621.9	9.2	176.7
Leather & Leather Prod. (31)	5,833.5	50.8	1,332.2
Stone, Clay, & Glass (32)	223.7	2.6	67.4
Primary Metal Prod. (33)	522.4	2.6	114.9
Fabricated Metal Prod. (34)	4,415.7	21.7	879.2
Machinery, Except Elec. (35)	2,333.7	7.5	314.5
Electric & Elec. Equip. (36)	1,551.6	13.8	431.8
Transportation Equipment (37)	122.8	1.1	32.2

Exhibit 5.8 (Continued)
National Economic and Tax Impacts (Industry Detail) of Federal Historic
Tax Credit Spending, 2000-2006
(\$54.3 million)

	Industry Component	Output (000\$)	Employment (jobs)	Income (000\$)
Instruments & Rel. Prod. (38)		4,158.4	39.3	1,282.5
Misc. Manufacturing Ind's. (39)		1,102.0	4.3	229.3
Food & Kindred Prod. (20)		4,859.9	35.0	1,437.3
Tobacco Manufactures (21)		908.1	7.3	289.7
Textile Mill Prod. (22)		1,742.8	9.4	411.7
Apparel & Other Prod. (23)		1,310.4	4.0	198.4
Limber & Wood Prod. (24)		258.0	1.6	72.5
Furniture & Fixtures (25)		326.3	2.7	85.6
Paper & Allied Prod. (26)		587.9	5.2	184.4
Transport. & Public Utilities		5,534.2	37.3	1,423.1
Railroad Transportation (40)		355.0	2.4	147.2
Local Pass. Transit (41)		139.4	3.5	60.2
Trucking & Warehousing (42)		1,430.6	18.8	587.7
Water Transportation (44)		215.2	1.6	59.9
Transportation by Air (45)		220.4	2.4	76.7
Pipe Lines-Ex. Nat. Gas (46)		26.0	0.0	2.8
Transportation Services (47)		94.5	1.3	35.3
Communication (48)		1,118.1	3.5	226.1
Elec., Gas, & Sanitary Serv. (49)		1,934.9	3.9	227.2
Wholesale		4,441.6	48.6	1,806.2
Whlsale-Durable Goods (50)		1,927.2	21.5	783.7
Whlsale-Nondurable Goods (51)		2,514.4	27.1	1,022.5
Retail Trade		5,334.5	139.6	1,960.6
Bldg. Mat.-Garden Supply (52)		287.1	5.5	124.7
General Merch. Stores (53)		610.2	14.7	220.0
Food Strores (54)		518.3	18.9	202.0
Auto. Dealers-Serv. Stat. (55)		865.5	10.7	227.7
Apparel & Access. Stores (56)		298.4	10.7	140.2
Furniture & Home Furnish. (57)		146.2	3.2	68.3
Eating & Drinking Places (58)		1,834.2	56.2	623.5
Miscellaneous Retail (59)		774.5	19.7	354.2
Finance, Ins., & Real Estate		6,693.7	77.2	2,460.0
Banking (60)		841.7	7.4	222.2
Nondep. Credit Institut. (61)		1,826.3	30.4	956.6
Security, Comm. Brokers (62)		240.7	1.6	118.3
Insurance Carriers (63)		1,543.7	13.7	621.2
Ins. Agents, Brokers (64)		360.7	5.5	138.9
Real Estate (65)		1,366.6	12.8	133.7
Holding and Invest. Off. (67)		514.0	5.9	269.2

Exhibit 5.8 (Continued)
National Economic and Tax Impacts (Industry Detail) of Federal Historic
Tax Credit Spending, 2000-2006
(\$54.3 million)

	Industry Component Output (000\$)	Employment (jobs)	Income (000\$)
Services	14,189.3	248.4	6,494.5
Hotels & Other Lodging (70)	365.8	8.7	117.1
Personal Services (72)	596.0	17.1	212.4
Business Services (73)	1,621.9	28.4	644.5
Auto Repair, Serv., Garages (75)	442.9	4.5	118.2
Misc. Repair Services (76)	251.8	4.8	98.4
Motion Pictures (78)	348.9	4.9	91.8
Amusement & Recreation (79)	258.7	8.5	97.8
Health Services (80)	605.1	10.7	329.1
Legal Services (81)	1,666.1	15.6	770.6
Educational Services (82)	260.3	8.4	132.6
Social Services (83)	145.2	4.5	70.9
Museums, Gardens & Mem. Orgs. (84, 86)	624.7	16.3	327.3
Engineer. & Manage. Serv. (87)	6,597.0	107.4	3,308.6
Private Households (88)	17.1	1.4	17.1
Miscellaneous Services (89)	387.7	7.2	158.2
Government	432.8	4.8	131.2
Total	99,499.2	1,349.3	37,575.2

Note: Detail may not sum to totals due to rounding.

**Exhibit 5.9: Arkansas Economic and Tax Impacts of Federal Historic Tax Credit Spending, 2000-2006
(\$54.3 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross Domestic Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	130.0	0.7	13.1	29.5
2. Agri. Serv., Forestry, & Fish	601.5	16.3	257.0	268.0
3. Mining	2,009.2	15.0	651.3	1,454.4
4. Construction	23,919.5	509	13,897.4	21,946.2
5. Manufacturing	19,971.7	151	4,978.6	7,413.8
6. Transport. & Public Utilities	3,276.9	22	846.6	1,570.6
7. Wholesale	3,323.5	36	1,351.5	1,766.0
8. Retail Trade	4,639.8	120	1,712.0	2,768.3
9. Finance, Ins., & Real Estate	3,224.2	37	1,076.3	1,951.3
10. Services	11,099.9	192	5,209.8	5,274.4
Private Subtotal	72,196.2	1,100	29,993.8	44,442.6
Public				
11. Government	329.0	4	99.1	153.0
Total Effects (Private and Public)	72,525.2	1,103	30,092.9	44,595.6
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	48,377.6	767	22,411.1	32,672.2
2. Indirect and Induced Effects	24,147.5	336	7,681.8	11,923.4
3. Total Effects	72,525.2	1,103	30,092.9	44,595.6
4. Multipliers (3/1)	1.499	1.438	1.343	1.365
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				25,912.1
2. Taxes				5,484.3
a. Local				579.7
b. State				748.0
c. Federal				4,156.6
General				930.1
Social Security				3,226.4
3. Profits, dividends, rents, and other				13,199.3
4. Total Gross State Product (1+2+3)				44,595.6
IV. TAX ACCOUNTS				
		Business	Household	Total
1. Income --Net of Taxes		25,912.1	30,092.9	0.0
2. Taxes		5,484.3	5,797.2	11,281.5
a. Local		579.7	190.7	770.4
b. State		748.0	968.3	1,716.3
c. Federal		4,156.6	4,638.2	8,794.8
General		930.1	4,638.2	5,568.3
Social Security		3,226.4	0.0	3,226.4
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.3
Income				553,705.6
State Taxes				31,580.3
Local Taxes				14,175.1
Gross State Product				820,553.9
INITIAL EXPENDITURE IN DOLLARS				54,348,186.0

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Exhibit 5.10
Arkansas Economic and Tax Impacts (Industry Detail) of Federal Historic
Tax Credit Spending, 2000-2006
(\$54.3 million)

	Industry Component		
	Output (000\$)	Employment (jobs)	Income (000\$)
Agriculture	130.0	0.7	13.1
Dairy Farm Products	0.0	0.0	0.0
Eggs	0.0	0.0	0.0
Meat Animals	56.7	0.1	2.7
Misc. Livestock	0.6	0.0	0.0
Wool	0.0	0.0	0.0
Cotton	4.4	0.0	0.4
Tobacco	0.0	0.0	0.0
Grains & Misc. Crops	7.7	0.0	0.2
Feed Crops	0.7	0.0	0.0
Fruits & Nuts	20.6	0.4	3.5
Vegetables	0.2	0.0	0.0
Greenhouse & Nursery Products	31.4	0.1	5.8
Sugar Beets & Cane	0.0	0.0	0.0
Flaxseed, Peanuts, Soybean, Sunflower	7.7	0.0	0.4
Agri. Serv., Forestry, & Fish	601.5	16.3	257.0
Agri. Services (07)	456.2	15.4	243.9
Forestry (08)	143.8	0.8	12.7
Fishing, Hunting, & Trapping (09)	1.5	0.1	0.4
Mining	2,009.2	15.0	651.3
Coal Mining (12)	0.2	0.0	0.1
Oil & Gas Extraction (13)	162.7	0.5	21.8
Nonmetal Min.-Ex. Fuels (14)	1,844.8	14.5	629.1
Metal Mining (10)	1.5	0.0	0.4
Construction	23,919.5	508.9	13,897.4
General Bldg. Contractors (15)	20,137.1	410.6	11,555.2
Heavy Const. Contractors (16)	1,354.0	38.6	883.0
Special Trade Contractors (17)	2,428.4	59.7	1,459.3
Manufacturing	19,971.7	150.9	4,978.6
Printing & Publishing (27)	735.6	3.1	104.8
Chemicals & Allied Prod. (28)	0.0	0.0	0.0
Petroleum & Coal Prod. (29)	661.1	4.2	105.5
Rubber & Misc. Plastics (30)	169.5	2.5	47.7
Leather & Leather Prod. (31)	4,779.5	42.9	1,114.7
Stone, Clay, & Glass (32)	133.7	1.6	41.0
Primary Metal Prod. (33)	226.0	1.0	47.9
Fabricated Metal Prod. (34)	1,934.8	10.2	390.2
Machinery, Except Elec. (35)	1,477.1	6.5	261.7
Electric & Elec. Equip. (36)	421.9	3.8	119.8

Exhibit 5.10
Arkansas Economic and Tax Impacts (Industry Detail) of Federal Historic
Tax Credit Spending, 2000-2006
(\$54.3 million)

Transportation Equipment (37)	41.3	0.4	11.3
Instruments & Rel. Prod. (38)	3,514.0	33.0	1,066.4
Misc. Manufacturing Ind's. (39)	448.7	1.8	92.8
Food & Kindred Prod. (20)	3,792.9	27.3	1,107.0
Tobacco Manufactures (21)	567.2	4.6	176.0
Textile Mill Prod. (22)	555.7	3.7	146.9
Apparel & Other Prod. (23)	154.7	1.1	35.9
Limber & Wood Prod. (24)	42.4	0.3	13.8
Furniture & Fixtures (25)	58.5	0.7	16.3
Paper & Allied Prod. (26)	257.2	2.3	79.0
Transport. & Public Utilities	3,276.9	21.7	846.6
Railroad Transportation (40)	191.6	1.3	79.4
Local Pass. Transit (41)	65.0	1.6	28.1
Trucking & Warehousing (42)	867.5	11.6	364.6
Water Transportation (44)	51.8	0.4	17.1
Transportation by Air (45)	113.9	1.2	39.6
Pipe Lines-Ex. Nat. Gas (46)	8.6	0.0	0.9
Transportation Services (47)	49.2	0.7	18.3
Communication (48)	749.2	2.3	152.7
Elec., Gas, & Sanitary Serv. (49)	1,180.2	2.6	145.9
Wholesale	3,323.5	36.4	1,351.5
Whlsale-Durable Goods (50)	1,561.5	17.4	635.0
Whlsale-Nondurable Goods (51)	1,762.0	19.0	716.5
Retail Trade	4,639.8	120.4	1,712.0
Bldg. Mat.-Garden Supply (52)	262.7	5.0	114.1
General Merch. Stores (53)	559.0	13.4	201.6
Food Strores (54)	473.2	17.3	184.5
Auto. Dealers-Serv. Stat. (55)	789.1	9.8	207.5
Apparel & Access. Stores (56)	272.8	9.7	128.1
Furniture & Home Furnish. (57)	133.2	2.9	62.2
Eating & Drinking Places (58)	1,440.1	44.1	489.5
Miscellaneous Retail (59)	709.7	18.1	324.5
Finance, Ins., & Real Estate	3,224.2	37.0	1,076.3
Banking (60)	626.1	5.5	165.2
Nondep. Credit Institut. (61)	817.1	13.6	428.0
Security, Comm. Brokers (62)	119.0	0.8	58.5
Insurance Carriers (63)	454.5	4.0	182.9
Ins. Agents, Brokers (64)	278.1	4.2	107.1
Real Estate (65)	826.7	7.7	80.9
Holding and Invest. Off. (67)	102.7	1.2	53.8
Services	11,099.9	192.3	5,209.8
Hotels & Other Lodging (70)	67.9	1.8	24.1
Personal Services (72)	431.1	12.4	152.0
Business Services (73)	1,089.4	19.3	427.9
Auto Repair, Serv., Garages (75)	315.1	3.2	82.9
Misc. Repair Services (76)	139.5	2.6	54.3

Exhibit 5.10
Arkansas Economic and Tax Impacts (Industry Detail) of Federal Historic
Tax Credit Spending, 2000-2006
(\$54.3 million)

Motion Pictures (78)	149.5	2.2	37.1
Amusement & Recreation (79)	105.2	3.5	34.5
Health Services (80)	550.1	9.7	300.3
Legal Services (81)	1,471.3	13.8	680.5
Educational Services (82)	209.2	7.0	108.9
Social Services (83)	128.1	3.9	61.9
Museums, Gardens & Mem. Orgs. (84, 86)	396.7	12.7	225.9
Engineer. & Manage. Serv. (87)	5,758.6	93.8	2,892.6
Private Households (88)	15.7	1.3	15.7
Miscellaneous Services (89)	272.5	5.0	111.2
Government	329.0	3.7	99.1
Total	72,525.2	1,103.4	30,092.9

Note: Detail may not sum to totals due to rounding.

Annual Impacts of Federal Historic Tax Credit

While the previous section discussed the total economic impacts of federal HTC-supported rehabilitation, this section will provide a snapshot of the annual impacts of federal HTC-related spending.

Each year, federal HTC-related spending creates 188 jobs, \$5.2 million in income, and \$7.9 million in GDP on a national basis. As shown in Exhibit 5.11, the most jobs created in a single industry nationwide are in construction (72). The industry also contributes the most to income (\$2.0 million) and GDP (\$3.1 million).

Annual federal HTC-related spending also provides significant contributions to Arkansas' economy. As illustrated in Exhibit 5.12, the direct and indirect effects of federal HTC-related spending create 154 jobs, \$4.2 million in income, and \$6.2 million in GDP in the State of Arkansas. Nearly half of the total jobs create in the state are in the construction industry (71). Activity in this industry also contributes the most to income (\$1.9 million) and GDP (\$3.1 million) in the state.

**Exhibit 5.11: Annual National Economic and Tax Impacts of
Federal Historic Tax Credit Spending (\$ 7.9 million)**

	Economic Component			Gross Domestic Product (000\$)
	Output (000 \$)	Employment (jobs)	Income (000\$)	
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	104.0	0.6	8.2	19.1
2. Agri. Serv., Forestry, & Fish	111.2	2.6	41.7	48.1
3. Mining	387.5	2.7	116.9	272.8
4. Construction	3,401.7	72	1,958.0	3,098.8
5. Manufacturing	4,743.2	33	1,117.3	1,815.0
6. Transport. & Public Utilities	770.3	5	198.1	367.3
7. Wholesale	620.3	7	252.2	329.6
8. Retail Trade	742.8	19	273.0	438.6
9. Finance, Ins., & Real Estate	931.9	11	342.5	582.3
10. Services	1,974.3	35	903.7	933.7
Private Subtotal	13,787.1	187	5,211.5	7,905.2
Public				
11. Government	60.2	1	18.3	28.6
Total Effects (Private and Public)	13,847.3	188	5,229.8	7,933.8
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	7,565.4	114	3,359.6	4,922.4
2. Indirect and Induced Effects	6,281.9	74	1,870.2	3,011.4
3. Total Effects	13,847.3	188	5,229.8	7,933.8
4. Multipliers (3/1)	1.830	1.652	1.557	1.612
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				4,512.8
2. Taxes				893.4
a. Local				128.5
b. State				141.5
c. Federal				623.4
General				163.1
Social Security				460.3
3. Profits, dividends, rents, and other				2,527.6
4. Total Gross State Product (1+2+3)				7,933.8
IV. TAX ACCOUNTS				
		Business	Household	Total
1. Income --Net of Taxes		4,512.8	4,293.0	0.0
2. Taxes		893.4	827.0	1,720.5
a. Local		128.5	27.2	155.7
b. State		141.5	138.1	279.7
c. Federal		623.4	661.7	1,285.1
General		163.1	661.7	824.8
Social Security		460.3	0.0	460.3
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				24.8
Income				691,264.7
State Taxes				36,964.8
Local Taxes				20,581.9
Gross State Product				1,048,678.7
INITIAL EXPENDITURE IN DOLLARS				7,565,483.0

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

**Exhibit 5.12: Annual Arkansas Economic and Tax Impacts of
Federal Historic Tax Credit Spending
(\$ 6.2 million)**

	Output (000 \$)	Economic Component Employment (jobs)	Income (000\$)	Gross Domestic Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	18.1	0.1	1.8	4.1
2. Agri. Serv., Forestry, & Fish	84.7	2.3	36.2	37.7
3. Mining	283.6	2.1	92.0	205.4
4. Construction	3,331.6	71	1,934.1	3,056.5
5. Manufacturing	2,775.7	21	692.3	1,030.7
6. Transport. & Public Utilities	456.3	3	117.9	218.7
7. Wholesale	464.7	5	189.0	246.9
8. Retail Trade	646.1	17	238.4	385.5
9. Finance, Ins., & Real Estate	448.9	5	149.9	271.7
10. Services	1,544.6	27	725.0	733.9
Private Subtotal	10,054.2	153	4,176.5	6,191.2
Public				
11. Government	45.8	1	13.8	21.3
Total Effects (Private and Public)	10,100.0	154	4,190.3	6,212.5
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	6,737.8	107	3,120.8	4,552.4
2. Indirect and Induced Effects	3,362.2	47	1,069.5	1,660.1
3. Total Effects	10,100.0	154	4,190.3	6,212.5
4. Multipliers (3/1)	1.499	1.438	1.343	1.365
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				3,610.5
2. Taxes				764.0
a. Local				80.8
b. State				104.2
c. Federal				578.9
General				129.6
Social Security				449.3
3. Profits, dividends, rents, and other				1,838.0
4. Total Gross State Product (1+2+3)				6,212.5
IV. TAX ACCOUNTS				
		Business	Household	Total
1. Income --Net of Taxes		3,610.5	4,190.3	0.0
2. Taxes		764.0	807.2	1,571.2
a. Local		80.8	26.6	107.4
b. State		104.2	134.8	239.1
c. Federal		578.9	645.8	1,224.8
General		129.6	645.8	775.5
Social Security		449.3	0.0	449.3
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.3
Income				553,872.6
State Taxes				31,601.1
Local Taxes				14,196.7
Gross State Product				821,160.9
INITIAL EXPENDITURE IN DOLLARS				7,565,483.0

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

OVERVIEW OF STATE HISTORIC TAX CREDIT PROGRAMS IN THE UNITED STATES

Twenty-five states expand the amount of historic rehabilitation funding available by offering an additional state historic tax credit that can be used on top of or instead of the federal credits (Exhibit 5.13). The tailored state programs serve two goals. First, they provide another layer of financing that can be used in conjunction with the federal tax credit to make a larger number of historic rehabilitation projects feasible. In addition, eligibility requirements for the state projects may differ from the federal ones and support projects, such as the rehabilitation of owner-occupied historic housing units that are important to the state, but ineligible under the federal historic tax credit

The level of tax credits provided by states ranges from 5 percent in Montana to 50 percent in New Mexico with the majority falling between 20 and 30 percent. The levels of credits offered also vary by minimum investment requirements and caps. State programs encompass a variety of minimum investment requirements and program caps both on per project and overall bases. The Connecticut program, for example, offers a 30 percent state tax credit, but it requires a minimum expenditure of \$25,000 per dwelling. In addition, the Connecticut program has tax credit cap of \$30,000 per dwelling and \$3 million annually statewide. For comparison, the West Virginia state tax credit program defines the investment requirements in terms of the dwelling unit value and requires a minimum expenditure of 20 percent of the basis, exclusive of land. This program, however, does not have any caps.

The state historic tax credit programs also demonstrate a variety of transfer, carryover, and other parameters. Nearly all of the programs include carry forward options of five to ten years. Credit transferability is mixed. In Rhode Island, for example, credits are freely transferable, but in South Carolina transfer is prohibited. Maryland limits the transfer of credits to new owners. Some states also tie additional requirements or incentives to the tax credits. Examples, include Vermont, which requires façade rehabilitation to contribute to the integrity of the downtown development district, and Delaware, which provides a 10 percent bonus credit for rental and owner-occupied properties that qualify as low income housing. The table on the following pages provides more details about each of the 25 state historic tax credit programs with regard to tax credit levels, applicability, and investment requirements.

The next section profiles the state historic tax credit program in Missouri to provide an in-depth look at the use and impact of this program in the state. The Missouri state historic tax credit program is nationally recognized for its success and the broad impact of the program. The National Park Service's FY2004 Annual Report noted that the amount of rehabilitation work in Missouri using the federal HTC doubled after the introduction of the Missouri state HTC. In addition, Missouri ranked number one nationally in the number of federal HTC projects successfully completed in 2005, according to a 2005 National Park Service Report.

Exhibit 5.13: State Tax Credits for Historic Preservation

State	Tax Credit Level	Applicability	Investment Requirements / Cap	Other
Colorado	20%	<ul style="list-style-type: none"> • Residential • Commercial • Tenants with five year leases • Properties designated by national, state, or local governments qualify 	<ul style="list-style-type: none"> • For rehab expenses up to \$50,000 • Minimum investment: \$5,000 • Cap: \$50,000 per property or 20% of the qualified costs of the rehab (the lesser) 	<ul style="list-style-type: none"> • Carry forward: 10 years • DOI Standards apply • Fees: \$250-\$1,000
Connecticut	30%	<ul style="list-style-type: none"> • Owner-occupied residential (include apartments up to 4 units) • Targeted: only eligible in 29 municipalities 	<ul style="list-style-type: none"> • Minimum expenditure: \$25,000 • Cap: \$30,000 per dwelling unit, \$3 million statewide annually 	<ul style="list-style-type: none"> • Carry forward: 4 years • Transferable developer to buyer • Recapture period: 5 years
Delaware	20% (I-P) 30% (H-O)	<ul style="list-style-type: none"> • Income-producing • Homeowner credit 	<ul style="list-style-type: none"> • Cap: \$20,000 (homeowner credit cannot exceed) • Maximum credits: \$3 million per year 	<ul style="list-style-type: none"> • 10% bonus credit for rental and owner-occupied that qualify as low-income housing • Carry forward: 10 years • Credits transferable
Georgia	20% (I-P) 10% (OONT) 15% (OOT)	<ul style="list-style-type: none"> • Income-producing • Owner-occupied targeted area • Owner-occupied non-targeted area 	<ul style="list-style-type: none"> • Limit \$5,000 in credits over 10 years 	
Indiana	20%	<ul style="list-style-type: none"> • Commercial • Rental housing • Barns and farm buildings 	<ul style="list-style-type: none"> • For rehab costs up to \$100,000 • Minimum investment: \$5,000 over 2 years • Cap: \$20,000 per-project, statewide \$450,000 annually 	<ul style="list-style-type: none"> • Carry forward: 15 years • Pre-approval of work • DOI Standards apply
Iowa	25%	<ul style="list-style-type: none"> • Commercial • Residential (includes barns) 	<ul style="list-style-type: none"> • Cap: \$2.4 million statewide annually 	<ul style="list-style-type: none"> • DOI Standards apply
Kansas	25%	<ul style="list-style-type: none"> • Commercial • Residential 	<ul style="list-style-type: none"> • Minimum: \$5,000 minimum on qualified expenditures • No caps 	<ul style="list-style-type: none"> • Carry forward: 10 years • Credit freely transferable
Louisiana	25%	<ul style="list-style-type: none"> • Income producing properties in “downtown development districts” 	<ul style="list-style-type: none"> • Cap: \$250,000 per structure 	<ul style="list-style-type: none"> • Carry forward: 5 years
Maine	20%	<ul style="list-style-type: none"> • Owner • Lessee 	<ul style="list-style-type: none"> • Minimum expenditure: \$5,000 • Cap: \$100,000 	<ul style="list-style-type: none"> • Uses SOI Standards • Carry forward: 5 years • Compliance: 5 years

Exhibit 5.13: State Tax Credits for Historic Preservation

State	Tax Credit Level	Applicability	Investment Requirements / Cap	Other
Maryland	20%	<ul style="list-style-type: none"> • Owner-occupied residential • Commercial 	<ul style="list-style-type: none"> • Minimum investment: \$5,000 for owner-occupied residential, higher for commercial/rental housing • Cap: \$3 million credit cap per project for income-producing; \$15 million statewide 	<ul style="list-style-type: none"> • Carry forward: 10 years • Credit transferable to new owners • DOI Standards apply • As a result of legislative changes made earlier this year, historic tax credits for commercial projects, including rental housing, will be made from a reserve fund that is subject to annual appropriation by the state legislature.
Massachusetts	20%	<ul style="list-style-type: none"> • Income-producing 	<ul style="list-style-type: none"> • Cap: \$10 million annually 	<ul style="list-style-type: none"> • DOI Standards apply • Carry forward: 5 years
Michigan	25%	<ul style="list-style-type: none"> • Commercial • Residential • Owner • Lessee 	<ul style="list-style-type: none"> • Minimum expenditure: 10% property's State Equalized Value (SEV) (if not available, 5% appraised value). • Must first apply to federal 20% to be eligible 	<ul style="list-style-type: none"> • DOI Standards apply • Five year recapture provision • Carry forward: 10 years • Must comply with DOI Standards • State credit reduced by amount of federal credit
Missouri	25%	<ul style="list-style-type: none"> • Rental • Residential 	<ul style="list-style-type: none"> • Minimum expense: 50% of total basis in the property • No cap 	<ul style="list-style-type: none"> • DOI Standards apply • Carry back: 3 years • Carry forward: 10 years
Montana	5%	<ul style="list-style-type: none"> • Income-producing (state credit in addition to federal 20% credit) 	<ul style="list-style-type: none"> • None specified 	<ul style="list-style-type: none"> • Carry forward: 7 years
New Mexico	50%	<ul style="list-style-type: none"> • Commercial • Owner-occupied residential • Rental • Archaeological • Tenants with five-year leases 	<ul style="list-style-type: none"> • For rehab costs up to \$25,000 • Minimum investment: none • Cap: \$25,000 per project, or 50% of amount spent on rehab 	<ul style="list-style-type: none"> • Carry forward: 4 years • DOI Standards apply • Pre-approval required
North Carolina	30% (H) 20% (C)	<ul style="list-style-type: none"> • Homeowners • Commercial 	<ul style="list-style-type: none"> • Minimum investment: \$25,000 (for 30%) • 20% can be combined with federal for total 40% allocation; permits "pass through" 	<ul style="list-style-type: none"> • Allows redistribution of credits
North Dakota	25%	<ul style="list-style-type: none"> • None specified 	<ul style="list-style-type: none"> • Cap: \$250,000 (project) 	<ul style="list-style-type: none"> • Carry forward: 5 years

Exhibit 5.13: State Tax Credits for Historic Preservation

State	Tax Credit Level	Applicability	Investment Requirements / Cap	Other
Rhode Island	30% (I-P) 20% (O-O)	<ul style="list-style-type: none"> Income-producing Owner-occupied residential 	<ul style="list-style-type: none"> Minimum investment: must exceed 50% of adjusted basis of structure or \$2,000 Caps: none Maximum credit: \$2,000 per year 	<ul style="list-style-type: none"> Freely transferable Carry forward: 10 years Unused credits can be carried forward if property is maintained Interior work ineligible
South Carolina	10% (I-P) 25% (O-O)	<ul style="list-style-type: none"> Income-producing Owner-occupied (no federal credits) 	<ul style="list-style-type: none"> Minimum: rehab expenses must exceed \$15,000 	<ul style="list-style-type: none"> Transfer prohibited
Utah	20%	<ul style="list-style-type: none"> Residential 	<ul style="list-style-type: none"> Minimum investment: \$10,000 over three years Cap: none 	<ul style="list-style-type: none"> DOI Standards apply No fees
Vermont	10% (DDA) 25% (NFC)	<ul style="list-style-type: none"> Designated downtown areas No federal credit areas 	<ul style="list-style-type: none"> Cap: \$25,000 per project, \$1million statewide If minimum expenditure exceeds \$5,000 or adjusted basis of historic building (whichever greater), additional 5% state tax credit attainable 	<p>Must show that:</p> <ul style="list-style-type: none"> Is compliant with ADA, building, life safety codes Lead paint and other toxins abatement taking place Is a redevelopment of a contaminated site Façade is being rehabbed to contribute to integrity of downtown development district
Virginia	25%	<ul style="list-style-type: none"> Owner-occupied residential Commercial 	<ul style="list-style-type: none"> Minimum: improvements must be at least 25% of assessed value for owner-occupied and 50% for other buildings No caps 	<ul style="list-style-type: none"> DOI Standards apply Allows partners to allocate credits through private contract Carry forward: 10 years
West Virginia	20% (R) 10% (Other)	<ul style="list-style-type: none"> Residential Rental residential and income-producing eligible for federal credits 	<ul style="list-style-type: none"> Minimum expenditure: 20% of basis, exclusive of land No caps 	<ul style="list-style-type: none"> DOI Standards apply Carry forward: 5 years
Wisconsin	25% (OOR) 5% (C)	<ul style="list-style-type: none"> Owner-occupied residential Some farm buildings Commercial 	<ul style="list-style-type: none"> Minimum investment: \$10,000 over two years; extendable to five years; expenses should be equal to building's basis Cap: \$10,000 per project 	<ul style="list-style-type: none"> Can be used with federal 20% credit

Note: DOI = Refers to the Secretary of the Interior's Standards for Rehabilitation (see Strategy Guide, Section II.C).

Source: Beaumont, Pianca, Becker and Schwartz. 2003

PROFILE OF MISSOURI HISTORIC PRESERVATION TAX CREDITS PROGRAM (MHPTC)

The state of Missouri's tax historic preservation credit program demonstrates how the addition of a state tax credit can create substantial redevelopment incentives and financial gains for the state. Historic rehabilitation activities in Missouri have produced substantial economic benefits for the state. Between the Missouri state historic tax credit's inception in 1998 and 2001, the total \$75 million in state tax credit created an in-state cumulative (1998-2001) economic impact of approximately \$212 million in income; \$283 million in gross state product; \$60 million in total taxes and spurred redevelopment projects in hard to reach urban core areas. This section discusses the specifics of the Missouri tax credit program compared to the federal program and its statewide impacts.

Background

With the intent to create incentives for historic preservation and rehabilitation activities, the Missouri General Assembly passed Senate Bill 1 in September of 1997. Pursuant to this bill, the Historic Preservation Tax Credit Program was put into effect on January 1, 1998.

The program allows Missouri taxpayers (except not-for-profit entities) a state tax credit for costs associated with the rehab of certified historic structures located in Missouri. Unlike the federal tax credit program, the site may be a personal residence as well as an income-producing property. The credit amounts to 25 percent of the total cost of rehab projects undertaken after January 1, 1998. It applies only to substantial projects that cost the taxpayers more than 50 percent of the taxpayer's basis in the subject property. Furthermore, the tax is applicable only to a rehab project that conforms to the historic rehab standards issued by Secretary of the United States Department of the Interior as determined by the Missouri Department of Natural Resources' State Historic Preservation Office (SHPO).

The program is administered by the Missouri Department of Economic Development (DED) in cooperation with the SHPO. The DED issues the tax credits based upon certification by the SHPO.

As is evident from Exhibit 5.14, the Missouri Historic Tax Credit is, in many respects, more generous than the historic tax credits offered by the federal government. In practice, the state and federal tax credits are combined to create a powerful incentive that has prompted historic rehab in Missouri, especially in this state's urban areas.

EXHIBIT 5.14

Comparison of Federal and Missouri and Historic Rehabilitation Tax Credits

<i>Characteristic</i>	<i>Federal Credit</i>	<i>Missouri Credit</i>
Per-Program Maximum	None	None
Annual Credit Limitations	None	None
Commercial Buildings	Qualify	Qualify
Residences	Do Not Qualify	Qualify
Restoration Period	24 Months or 60 Months	24 Months
Holding Period	5 Years	None
Reduction of Basis by Amount of Credit	Yes	No
Recapture	Yes	No
Carry-Back Period	1 Year	3 Years
Carry-Forward Period	20 Years	10 Years
Partnership Allocations	Pro-Rata	Pro-Rata or Based on Agreement
Transferable	No	Yes
Subject to Post-Issuance Audit	Yes	No
Requires Audit of Expenses <\$500,000	No	Yes

Source: Lohman et al. 2000. *The Missouri Business Law Quarterly* 5:4 (fall).

Missouri Historic Preservation Tax Credits Program (MHPTC) Profile and Impacts

As of August 2001, almost \$295 million (\$294,301,643) of historic rehab had cumulatively been effected under MHPTC auspices. A 25 percent state tax credit amounting to about \$74 million (\$73,614,423) encouraged the MHPTC investment.

Completed MHPTC projects are concentrated in the City of St. Louis and to a lesser extent Kansas City, Lexington, and Jefferson City. Projects outside of these cities are located in 20 other towns, dispersed throughout the state. MHPTC projects are concentrated in areas with higher population densities, significant minority presence, and lower household incomes. MHPTC recipient areas tend to have an older housing stock, higher vacancy rates, and lower owner occupancy than the state of Missouri as a whole. Many MHPTC locations are classified by the Missouri Department of Economic Development as “distressed.” Credit-inspired historic preservation investment in these areas is thus quite welcome.

The MHPTC has economic effects from both the historic rehab (i.e., construction) it engenders and from the historic tourism it supports (i.e., renovating Missouri’s historic resources fosters visitation from history-oriented tourists).

The total national economic impacts from the \$295 million cumulative MHPTC historic rehab investment included the following: 11,789 person-years of work; \$391 million in income; \$578 million in gross domestic product; and \$122 million in taxes. From the cumulative MHPTC historic rehab, the state of Missouri garnered 6,871 person-years of work; \$212 million in income; \$283 million in gross state product; \$60 million in total taxes (including \$25 million in Missouri state and local taxes); and \$249 million in in-state wealth (Exhibit 5.15).

EXHIBIT 5.15
Total Economic Impacts of the Cumulative
MHTC-Supported Historic Rehabilitation (\$295 million)

	<i>In Missouri</i>	<i>Outside Missouri</i>	<i>Total (U.S.)</i>
Jobs (person-years of work)	6,871	4,918	11,789
Income (\$million)	212	179	391
GDP/GSP (\$million)	283	295	578
Total taxes (\$million)	59	63	122
Federal (\$million)	34	33	67
State/Local (\$million)	25	30	55
In-State Wealth (\$million)	249	—	—
(GSP Minus Federal Taxes)			

Note: GDP/GSP = Gross Domestic Product/Gross State Product

The economic benefits from the MHPTC-supported historic rehab are enjoyed throughout the Missouri economy. For instance, of the \$283 million in gross state product, the construction, services, and manufacturing sectors of the Missouri economy gained \$116 million, \$47 million, and \$34 million, respectively.

In addition to the above construction-driven consequences, the MHPTC historic tourism support will realize the following benefits. National (over 20 years) impacts include: 4,018 person-years of work; \$103 million in income; \$181 million in GDP; and \$43 million in taxes (Exhibit 5.16). State of Missouri historic tourism gains from the MHPTC include: 3,407 person-years of work; \$55 million in income; \$97 million in gross state product; and \$25 million in taxes (including \$13 million in state–local taxes).

EXHIBIT 5.16
Total Economic Impacts of the Cumulative
MHPTC-Supported Heritage Tourism (\$112 million)

	<i>In Missouri</i>	<i>Outside Missouri</i>	<i>Total (U.S.)</i>
Jobs (person-years of work)	3,407	611	4,018
Income (\$million)	55	48	103
GDP/GSP (\$million)	97	84	181
Total taxes (\$million)	25	18	43
Federal (\$million)	12	9	21
State/Local (\$million)	13	9	22
In-State Wealth (\$million)	85	—	—
(GSP Minus Federal Taxes)			

Note: GDP/GSP = Gross Domestic Product/Gross State Product.

The *total* economic impacts from the MHPTC, including *both* the rehab and tourism benefits, are shown in Exhibit 5.17. There are benefits to both the nation and state. Missouri garners 10,278 jobs; \$267 million in income; \$381 million in gross state product; \$85 million in taxes (including

\$39 million in state/local taxes); and \$335 million in in-state wealth. These effects are felt throughout the Missouri economy.

In summary, the MHPTC is a program that has aided mainly urban core areas that have relatively lower incomes, high minority presence, older housing stock, and higher rates of housing unit vacancy. Besides being of programmatic importance to these areas, the MHPTC is an economic pump-primer to the state of Missouri with respect to the jobs, income, and wealth ensuing from its historic rehabilitation and tourism effects.

The economic and tax gains from the historic rehab and heritage travel supported by the MHPTC offset much, if not all, of the \$74 million of the state cost of the program.

EXHIBIT 5.17

Total Economic Impacts of the Cumulative MHPTC-Supported Heritage Tourism

	<i>In Missouri</i>	<i>Outside Missouri</i>	<i>Total (U.S.)</i>
Jobs (person years)	10,278	5,529	15,807
Income (\$million)	267	247	494
GDP/GSP (\$million)	381	379	760
Total Taxes (\$million)	85	81	166
Federal (\$million)	46	42	88
State-Local (\$million)	39	49	78
In-State Wealth (\$million)	335	—	—
(GSP Minus Federal Taxes)			

Note: GDP/GSP = Gross Domestic Product/Gross State Product

Other states can learn from the Missouri perseverance. Missouri's tax credit for historic rehab has realized significant urban revitalization and economic gains.

OVERVIEW OF PROPOSED ARKANSAS HISTORIC TAX CREDIT PROGRAM

In 2005, the Arkansas legislature considered a bill to create a historic tax credit program, to be administered by the Department of Heritage. The purpose of the proposed program is to encourage economic development within existing infrastructure and to promote the rehabilitation of historic structures. It is designed to work in conjunction with the federal tax credits.

Properties eligible for the proposed 25 percent tax credit include:

- Commercial properties qualified as a certified historic structure;
- Residential properties eligible for or listed in the National Register of Historic Places;
- Residential properties eligible for or designated as contributing to districts listed in the National Register of Historic Places; and
- Barns constructed prior to 1937.

The proposed Arkansas tax credit is quite similar to that of other states. As shown in the following table (Exhibit 5.18), the proposed Arkansas credit is similar to Missouri in the coverage and eligibility requirements with both credits expanding the federal applicability to include owner occupied units.

Exhibit 5.18: Comparison of Proposed Arkansas Tax Credit with Federal and Missouri Tax Credits

<i>Characteristic</i>	<i>Federal Credit</i>	<i>Proposed Arkansas Credit</i>	<i>Missouri Credit</i>
Per-Program Maximum	None	None	None
Annual Credit Limitations	None	None	None
Commercial Buildings	Qualify	Qualify	Qualify
Residences	Do Not Qualify	Qualify*	Qualify
Restoration Period	24 Months or 60 Months	24 Months or 60 Months	24 Months
Holding Period	5 Years	5 Years	None
Reduction of Basis by Amount of Credit	Yes	No	No
Recapture	Yes	Yes	No
Carry-Forward Period	20 Years	5 years	10 Years
Partnership Allocations	Pro-Rata	Pro-Rata or Based on Agreement	Pro-Rata or Based on Agreement
Transferable	No	Yes	Yes

*Also includes barns built before 1937

In addition to Missouri, states near Arkansas with tax credit programs include Georgia, Kansas, Louisiana, North Carolina, and South Carolina. The proposed credit is comparable to tax credits supported by the neighboring states. Louisiana, for example, offers a nearly identical credit of 25 percent with a five year carry forward period. It differs in that it only applies to income producing properties in designated downtown development districts. The Kansas tax credit is also at the same level as that proposed one in Arkansas, but has a longer carry forward period of 10 years. The level of funding offered by Georgia’s tax credit is scaled based on the project type. The state offers a 20 percent credit for income producing properties, a 10 percent credit for owner occupied units in a non-target area, and a 15 percent credit for owner-occupied units in a target area. In order to channel rehabilitation towards low-income housing, Georgia also offers a 10 percent credit for rental and owner-occupied housing that qualifies as low-income. All historic tax credits in Georgia have a carry forward period of 10 years.

While, as described earlier, the federal HTC has supported a fair amount of rehabilitation in Arkansas, the addition of a state credit could greatly expand the types of projects that are feasible. Homeowner rehabilitation is one area that would particularly benefit from the implementation of a state HTC. This project type is not eligible under the federal HTC but can yield significant benefits to Arkansas communities. As construction materials have become more expensive, it becomes more difficult for low- and moderate-income homeowners to maintain their properties. Overall housing quality, however, has substantial impact on the maintenance of neighborhood property values. A state HTC in Arkansas would provide another avenue for individuals owning homes in historic districts to maintain the quality and historic character of their properties. As demonstrated earlier by the Argenta CDC’s neighborhood rehabilitation work in Arkansas, these improvements positively impact neighborhood property

values and create a domino effect in spurring additional private investment. A state tax credit for homeowners could have a similar effect.

Providing another layer of financing via a state HTC would attract new investors to historic rehabilitation projects and make the restoration of older, extensively run-down buildings more feasible in Arkansas. Individual developers have their own calculations as to how much of an investment they are willing to put into a project. As demonstrated in Missouri, adding another layer of funding piques interest in historic rehabilitation and expands that type of activity. In Arkansas' older, downtown areas, such as Hot Springs, historic buildings sit empty because property owners recognize their historic value and do not want to tear them down. The owners, however, cannot afford to rehabilitate due to the large amount of capital required. An additional state tax credit in Arkansas would help developers close this gap and make more community-enhancing historic restoration projects feasible in this state.

Need for a Arkansas State Tax Credit To Support Smaller Projects

Marty Roenigk, owner of the Crescent Hotel in Hot Springs, cited the need for a less complex credit to support smaller projects in Arkansas. Using the federal credit is challenging because it requires the renovation to be at least 50 percent of the property value and, therefore, requires a large amount of capital. Eureka Springs also has significant historic preservation needs that are not eligible under the federal tax credit. "There are hundreds and hundred of houses that give the historic district its character, but most are occupied by elderly residents who lack the income to maintain their properties," he commented. Due to their low incomes, these residents may not even be paying taxes, so a tax credit would not be particularly beneficial to them.

Further, Eureka Springs has a need for another type of historic tax credit to support smaller, commercial renovations and additions. For example, the Roenigks purchased a 1901 Church that they plan to use to host weddings in conjunction with their hotels and as a small museum for mechanical music. The church is generally in good shape. A few minor updates are needed such as replacing the glass windows and protective coverings. These repairs are not eligible under the federal tax credit due to the small size of the project. Roenigk said, however, that if there repairs were eligible, it would enable his organization to complete them sooner than is currently planned.

Roegnig also cited a need for a tax credit to help finance development activities that are not strictly historic preservation, but do spur economic development and historic tourism. For example, his organization would like to add an indoor swimming pool to the historic Crescent Hotel to improve its year round business. While this type of renovation is not technically historic preservation, it would potentially increase the economic activity in the city related to historic tourism by providing another incentive for people to come to the city in the off season.

DISCUSSION OF THE ECONOMIC IMPACT OF POTENTIAL ARKANSAS HISTORIC PRESERVATION TAX CREDIT PROGRAM

This section examines the economic impact of a Potential Arkansas Historic Preservation Tax Credit (PARPTC).

As the PARPTC has not been enacted, we consider its effects in terms of the economic benefits per \$1 million of investment in different types of historic rehabilitation in Arkansas—the type of construction that would be fostered by the PARPTC. Since improving the historic stock in Arkansas through such means as the PARPTC would also encourage heritage tourism to that state, we examine as well the economic benefits from enhanced heritage tourism in Arkansas.

The results are summarized in tables 5.19–5.24 as follows:

Table	<u>Economic Impacts of the State of Arkansas from</u>
5.19	\$1 million in single-family historic rehabilitation
5.20	\$1 million in multifamily historic rehabilitation
5.21	\$1 million in commercial historic rehabilitation
5.22	\$1 million in civic-institutional historic rehabilitation
5.23	1 million person-days of day-trip heritage tourism
5.24	1 million person-nights of overnight heritage tourism

The above cited tables quantify the *total* economic effects related to historic preservation; these encompass both the *direct* and *multiplier* effects. The *direct impact* component consists of labor and material purchases made specifically for the preservation activity. The *multiplier* effects incorporate what are referred to as *indirect* and *induced* economic consequences. The *indirect impact* component consists of spending on goods and services by industries that produce the items purchased for the historic preservation activity. The *induced impact* component focuses on the expenditures made by the households of workers involved either directly or indirectly with the activity.

For example, the total economic impacts from a theoretical \$1 million spent on statewide historic commercial rehabilitation spending are summarized below and detailed in tables 5.21a and 5.21b:

Total Economic Impacts of the Annual Arkansas Historic Commercial Building Rehabilitation (\$1 Million Spent)

	In Arkansas	Outside Arkansas	Total (U.S.)
Jobs (person years)	21	4	25
Income (\$thousands)	547.3	148.4	695.7
Output (\$thousands)	1,313.2	534.8	1,848.0
GDP/GSP (\$thousands)	797.4	240.9	1,038.3
Total taxes (\$thousands)	203.5	20	223.5
Federal (\$thousands)	159.4	8	167.4
State/Local (\$thousands)	44.2	11.8	56.0
In-state wealth (\$thousands) (GSP minus federal taxes)	638.0	—	—

^aGDP/GSP = Gross Domestic Product/Gross State Product.

To further illustrate the effects of a statewide historic tax credit, say the PARPTC was responsible for fostering \$100 million of multifamily historic rehabilitation and \$100 million of commercial historic rehabilitation. The economic impact of these investments can be determined from tables 5.20 and 5.21 respectively as follows:

Total Economic Impacts to the State of Arkansas from:		
	\$100 Million of Multifamily Rehabilitation	\$100 Million of Commercial Rehabilitation
Jobs	2,500	2,100
Income	\$69.0 million	\$54.7 million
Output	\$182.6 million	\$131.3 million
Wealth	\$105.1 million	\$79.7 million
Local-State Taxes	\$4.6 million	\$4.4 million

Many industrial sectors in Arkansas would benefit from the PARPTC-supported rehabilitation. For instance, of the 2,100 jobs from the \$100 million of commercial rehabilitation, the construction, manufacturing, services, and retail trade sectors would garner 1,000 jobs, 300 jobs, 400 jobs, and 200 jobs, respectively.

As noted above, the PARPTC improves Arkansas' historic building stock and would also encourage heritage tourism. The following is a summary of the economic impacts of \$100 million in heritage tourism spending and can be determined from tables 5.23 and 5.24 respectively.

Total Economic Impacts to the State of Arkansas from:		
	\$100 Million in Daytrip Heritage Tourism	\$100 Million in Overnight Heritage Tourism
Jobs	2,200	2,600
Income	\$33.6 million	\$37.0 million
Output	\$105.7 million	\$120.5 million
Wealth	\$52.7 million	\$59.9 million
Local-State Taxes	\$7.9 million	\$8.5 million

The benefit of an Arkansas state historic tax credit is better appreciated by considering the successful experience of the federal historic rehabilitation tax credit and tax credits offered by other states. This background is provided after the following tables. The following section first describes the federal tax credit for historic preservation investment and to spur dialogue on the subject in Arkansas, it goes on to describe an innovative state tax credit for historic preservation investment in Missouri. It also summarizes the economic contributions from Missouri's state tax credit program for historic rehabilitation.

The analysis below finds the following. Though it has been reduced from a 25 percent to a 20 percent credit, the federal investment tax credit for historic rehabilitation has successfully

spurred billions of dollars worth of investment since it was enacted about two decades ago. The Missouri historic preservation tax credit (MHPTC), adopted in 1998 (noticeable MHPTC activity did not begin until 1999), has been cumulatively applied (as of August 2001) to about \$300 million of historic rehabilitation in Missouri. A state tax credit amounting to 25 percent of this investment (or about \$75 million) has encouraged the \$300 million investment. The MHPTC has garnered considerable economic benefits to the state of Missouri, including 10,278 person years of work, \$267 million in income, \$381 million in wealth, and \$39 million in state-local taxes.

Arkansas could garner similar benefits from enacting a state historic preservation tax credit of its own. It is likely that these benefits would be enjoyed in many locations throughout Arkansas.

Table 5.19a
The Economic and Tax Impacts on the Nation of \$1 Million of Single-family Home Rehabilitation

	<u>Economic Component</u>			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	14.4	0	1.2	2.7
2. Agri. Serv., Forestry, & Fish	19.0	0	7.0	8.2
3. Mining	40.5	0	11.9	28.1
4. Construction	448.9	9	256.3	408.2
5. Manufacturing	596.7	4	136.2	220.0
6. Transport. & Public Utilities	147.4	1	42.0	75.2
7. Wholesale	76.1	1	30.9	40.4
8. Retail Trade	97.7	3	35.9	57.7
9. Finance, Ins., & Real Estate	123.7	1	45.2	77.3
10. Services	262.1	5	120.0	124.0
Private Subtotal	1,826.3	25	686.6	1,041.9
Public				
11. Government	8.0	0	2.4	3.8
Total Effects (Private and Public)	1,834.3	25	689.0	1,045.6
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	999.9	15	441.4	646.9
2. Indirect and Induced Effects	834.4	10	247.5	398.8
3. Total Effects	1,834.3	25	689.0	1,045.6
4. Multipliers (3/1)	1.834	1.666	1.561	1.616
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				589.9
2. Taxes				117.2
a. Local				16.6
b. State				18.4
c. Federal				82.2
General				21.8
Social Security				60.4
3. Profits, dividends, rents, and other				338.5
4. Total Gross State Product (1+2+3)				1,045.6
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				24.7
Income				688,973
State/Local Taxes				56,750
Gross State Product				1,045,650

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.19b
The Economic and Tax Impacts on the State of Arkansas of \$1 Million of Single-family Home Rehabilitation

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	2.6	0	0.3	0.6
2. Agri. Serv., Forestry, & Fish	14.5	0	6.1	6.4
3. Mining	28.3	0	9.1	20.3
4. Construction	439.1	9	253.0	402.3
5. Manufacturing	351.7	3	84.5	125.3
6. Transport. & Public Utilities	88.5	1	25.3	45.3
7. Wholesale	56.2	1	22.9	29.9
8. Retail Trade	84.9	2	31.3	50.7
9. Finance, Ins., & Real Estate	59.5	1	19.8	36.0
10. Services	204.7	4	96.1	97.3
Private Subtotal	1,330.0	20	548.3	814.1
Public				
11. Government	6.0	0	1.8	2.8
Total Effects (Private and Public)	1,336.0	20	550.1	816.9
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	891.9	14	409.5	598.0
2. Indirect and Induced Effects	444.1	6	140.7	218.9
3. Total Effects	1,336.0	20	550.1	816.9
4. Multipliers (3/1)	1.498	1.444	1.343	1.366
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				471.4
2. Taxes				100.1
a. Local				10.4
b. State				13.5
c. Federal				76.2
General				17.2
Social Security				59.0
3. Profits, dividends, rents, and other				245.4
4. Total Gross State Product (1+2+3)				816.9
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.1
Income				550,134
State and Local Taxes				45,111
Gross State Product				816,875

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.20a
The Economic and Tax Impacts on the Nation of \$1 Million of Multifamily Home Rehabilitation

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	13.7	0	1.1	2.5
2. Agri. Serv., Forestry, & Fish	15.9	0	6.1	6.9
3. Mining	56.3	0	17.2	39.9
4. Construction	451.7	9	258.3	411.2
5. Manufacturing	613.2	4	144.3	235.3
6. Transport. & Public Utilities	101.7	1	26.2	48.5
7. Wholesale	84.3	1	34.3	44.8
8. Retail Trade	98.4	3	36.2	58.1
9. Finance, Ins., & Real Estate	123.3	1	45.4	77.0
10. Services	259.9	5	119.0	122.9
Private Subtotal	1,818.4	25	687.9	1,047.3
Public				
11. Government	7.9	0	2.4	3.8
Total Effects (Private and Public)	1,826.4	25	690.3	1,051.0
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	1,000.0	15	444.1	654.6
2. Indirect and Induced Effects	826.4	10	246.2	396.5
3. Total Effects	1,826.4	25	690.3	1,051.0
4. Multipliers (3/1)	1.826	1.656	1.554	1.606
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				599.3
2. Taxes				118.7
a. Local				17.1
b. State				18.8
c. Federal				82.7
General				21.7
Social Security				61.0
3. Profits, dividends, rents, and other				333.0
4. Total Gross State Product (1+2+3)				1,051.0
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				24.7
Income				690,263
State and Local Taxes				57,986
Gross State Product				1,051,020

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.20b
The Economic and Tax Impacts on the State of Arkansas of \$1 Million of Multifamily Home Rehabilitation

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	2.4	0	0.2	0.6
2. Agri. Serv., Forestry, & Fish	12.3	0	5.3	5.5
3. Mining	42.1	0	13.7	30.6
4. Construction	442.5	9	255.1	405.7
5. Manufacturing	361.7	3	90.6	134.7
6. Transport. & Public Utilities	60.4	0	15.6	29.0
7. Wholesale	63.8	1	25.9	33.9
8. Retail Trade	85.6	2	31.6	51.1
9. Finance, Ins., & Real Estate	59.4	1	19.9	36.0
10. Services	203.5	4	95.5	96.7
Private Subtotal	1,333.9	20	553.5	823.7
Public				
11. Government	6.1	0	1.8	2.8
Total Effects (Private and Public)	1,339.9	20	555.3	826.5
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	894.6	14	413.8	606.7
2. Indirect and Induced Effects	445.3	6	141.6	219.8
3. Total Effects	1,339.9	20	555.3	826.5
4. Multipliers (3/1)	1.498	1.441	1.342	1.362
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				481.2
2. Taxes				101.6
a. Local				10.9
b. State				13.9
c. Federal				76.9
General				17.3
Social Security				59.5
3. Profits, dividends, rents, and other				243.7
4. Total Gross State Product (1+2+3)				826.5
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.2
Income				555,342
State and Local Taxes				46,170
Gross State Product				826,503

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.21a
The Economic and Tax Impacts on the Nation of \$1 Million of Commercial Building Rehabilitation

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	13.8	0	1.1	2.5
2. Agri. Serv., Forestry, & Fish	9.2	0	3.0	3.9
3. Mining	28.7	0	7.8	19.1
4. Construction	440.5	10	261.2	402.3
5. Manufacturing	688.2	5	162.8	260.4
6. Transport. & Public Utilities	102.5	1	26.2	48.6
7. Wholesale	71.7	1	29.2	38.1
8. Retail Trade	97.1	3	35.7	57.3
9. Finance, Ins., & Real Estate	122.6	1	44.9	76.7
10. Services	265.5	5	121.5	125.6
Private Subtotal	1,839.8	25	693.2	1,034.4
Public				
11. Government	8.1	0	2.5	3.9
Total Effects (Private and Public)	1,848.0	25	695.7	1,038.3
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	1,000.0	16	444.1	633.2
2. Indirect and Induced Effects	848.0	10	251.6	405.1
3. Total Effects	1,848.0	25	695.7	1,038.3
4. Multipliers (3/1)	1.848	1.638	1.567	1.640
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				584.1
2. Taxes				115.4
a. Local				16.3
b. State				18.2
c. Federal				81.0
General				20.9
Social Security				60.1
3. Profits, dividends, rents, and other				338.8
4. Total Gross State Product (1+2+3)				1,038.3
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				25.5
Income				695,717
State and Local Taxes				56,038
Gross State Product				1,038,276

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.21b
The Economic and Tax Impacts on the State of Arkansas of \$1 Million of Commercial Building Rehabilitation

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	2.2	0	0.2	0.5
2. Agri. Serv., Forestry, & Fish	6.3	0	2.4	2.7
3. Mining	17.0	0	5.3	12.0
4. Construction	430.7	10	257.9	396.4
5. Manufacturing	389.8	3	95.6	143.1
6. Transport. & Public Utilities	59.8	0	15.4	28.5
7. Wholesale	50.9	1	20.7	27.0
8. Retail Trade	84.3	2	31.1	50.3
9. Finance, Ins., & Real Estate	58.9	1	19.6	35.6
10. Services	207.2	4	97.2	98.5
Private Subtotal	1307.2	21	545.5	794.6
Public				
11. Government	6.1	0	1.8	2.8
Total Effects (Private and Public)	1313.2	21	547.3	797.4
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	872.7	14	406.8	579.5
2. Indirect and Induced Effects	440.5	6	140.5	217.9
3. Total Effects	1313.2	21	547.3	797.4
4. Multipliers (3/1)	1.505	1.424	1.345	1.376
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				459.7
2. Taxes				98.1
a. Local				9.9
b. State				13.2
c. Federal				75.0
General				16.3
Social Security				58.7
3. Profits, dividends, rents, and other				239.7
4. Total Gross State Product (1+2+3)				797.4
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.6
Income				547,342
State and Local Taxes				44,142
Gross State Product				797,424

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.22a
The Economic and Tax Impacts on the Nation of \$1 Million of Civic/Institutional Building Rehabilitation

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	13.9	0	1.1	2.5
2. Agri. Serv., Forestry, & Fish	10.9	0	4.1	4.7
3. Mining	26.9	0	7.1	17.6
4. Construction	444.6	10	262.0	405.8
5. Manufacturing	690.4	5	164.6	262.3
6. Transport. & Public Utilities	101.9	1	25.8	48.1
7. Wholesale	70.1	1	28.5	37.3
8. Retail Trade	97.7	3	35.9	57.9
9. Finance, Ins., & Real Estate	123.0	1	45.1	76.9
10. Services	261.5	5	119.5	123.7
Private Subtotal	1,840.9	25	693.8	1,036.5
Public				
11. Government	8.2	0	2.5	3.9
Total Effects (Private and Public)	1,849.1	25	696.3	1,040.4
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	1,000.0	15	444.4	634.3
2. Indirect and Induced Effects	849.1	10	251.9	406.1
3. Total Effects	1,849.1	25	696.3	1,040.4
4. Multipliers (3/1)	1.849	1.641	1.567	1.640
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				587.6
2. Taxes				115.9
a. Local				16.2
b. State				18.2
c. Federal				81.5
General				21.0
Social Security				60.5
3. Profits, dividends, rents, and other				336.9
4. Total Gross State Product (1+2+3)				1,040.4
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				25.4
Income				696,250
Local Taxes				56,165
Gross State Product				1,040,423

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.22b
The Economic and Tax Impacts on the State of Arkansas of \$1 Million of Civic/Institutional Building Rehabilitation

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	2.3	0	0.2	0.5
2. Agri. Serv., Forestry, & Fish	8.3	0	3.5	3.7
3. Mining	15.0	0	4.6	10.4
4. Construction	434.9	10	258.7	399.9
5. Manufacturing	399.8	3	99.6	147.6
6. Transport. & Public Utilities	59.5	0	15.2	28.3
7. Wholesale	49.7	1	20.2	26.4
8. Retail Trade	84.8	2	31.3	50.6
9. Finance, Ins., & Real Estate	59.1	1	19.7	35.8
10. Services	203.8	4	95.5	96.9
Private Subtotal	1,317.2	21	548.7	800.1
Public				
11. Government	6.1	0	1.9	2.9
Total Effects (Private and Public)	1,323.3	21	550.6	803.0
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	879.6	14	409.2	583.3
2. Indirect and Induced Effects	443.7	6	141.4	219.6
3. Total Effects	1,323.3	21	550.6	803.0
4. Multipliers (3/1)	1.504	1.426	1.345	1.376
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				464.7
2. Taxes				98.6
a. Local				9.9
b. State				13.2
c. Federal				75.5
General				16.5
Social Security				59.0
3. Profits, dividends, rents, and other				239.7
4. Total Gross State Product (1+2+3)				803.0
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.6
Income				550,578
State and Local Taxes				44,332
Gross State Product				802,951

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.23a
Economic and Tax Impacts on the Nation of \$1 Million in Daytrip Heritage Tourism

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	33.9	0	2.1	4.9
2. Agri. Serv., Forestry, & Fish	2.0	0	0.8	0.9
3. Mining	16.0	0	2.5	8.3
4. Construction	24.0	0	5.3	11.3
5. Manufacturing	414.0	3	89.4	180.1
6. Transport. & Public Utilities	88.2	1	23.8	42.5
7. Wholesale	92.0	1	37.4	48.9
8. Retail Trade	506.8	15	179.6	263.1
9. Finance, Ins., & Real Estate	116.2	1	33.2	74.2
10. Services	260.2	5	87.5	125.4
Private Subtotal	1,553.3	26	461.6	759.6
Public				
11. Government	8.8	0	2.7	4.2
Total Effects (Private and Public)	1,562.1	27	464.2	763.8
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	883.0	19	278.9	444.0
2. Indirect and Induced Effects	679.1	8	185.3	319.8
3. Total Effects	1,562.1	27	464.2	763.8
4. Multipliers (3/1)	1.769	1.401	1.665	1.720
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				425.1
2. Taxes				135.2
a. Local				27.9
b. State				49.5
c. Federal				57.8
General				20.5
Social Security				37.3
3. Profits, dividends, rents, and other				203.4
4. Total Gross State Product (1+2+3)				763.8
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				26.5
Income				464,242
State and Local Taxes				90,815
Gross State Product				763,757

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.23b
Economic and Tax Impacts on the State of Arkansas of \$1 Million of Daytrip
Heritage Tourism

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	5.6	0	0.4	0.8
2. Agri. Serv., Forestry, & Fish	1.2	0	0.5	0.5
3. Mining	3.6	0	0.5	1.7
4. Construction	13.9	0	1.8	5.2
5. Manufacturing	116.8	1	22.6	45.3
6. Transport. & Public Utilities	51.0	0	14.0	24.8
7. Wholesale	72.0	1	29.3	38.3
8. Retail Trade	497.7	15	176.4	258.1
9. Finance, Ins., & Real Estate	65.1	1	15.7	41.2
10. Services	222.9	4	73.1	108.1
Private Subtotal	1,049.6	22	334.2	523.9
Public				
11. Government	7.1	0	2.1	3.3
Total Effects (Private and Public)	1,056.7	22	336.3	527.2
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	714.8	17	235.3	356.4
2. Indirect and Induced Effects	341.9	5	101.0	170.8
3. Total Effects	1,056.7	22	336.3	527.2
4. Multipliers (3/1)	1.478	1.264	1.430	1.479
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				316.0
2. Taxes				118.3
a. Local				21.7
b. State				44.9
c. Federal				51.7
General				15.6
Social Security				36.1
3. Profits, dividends, rents, and other				92.8
4. Total Gross State Product (1+2+3)				527.2
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				21.9
Income				336,316
State and Local Taxes				79,604
Gross State Product				527,195

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.24a
Economic and Tax Impacts on the Nation of \$1 Million in Overnight Heritage Tourism

	Economic Component			Gross Domestic Product (000\$)
	Output (000\$)	Employment (jobs)	Income (000\$)	
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	28.8	0	1.7	4.2
2. Agri. Serv., Forestry, & Fish	2.4	0	1.0	1.1
3. Mining	12.9	0	2.1	6.9
4. Construction	28.5	0	6.3	13.4
5. Manufacturing	296.4	2	60.5	123.5
6. Transport. & Public Utilities	85.8	1	21.2	40.5
7. Wholesale	61.8	1	25.1	32.9
8. Retail Trade	513.4	15	178.2	256.0
9. Finance, Ins., & Real Estate	146.5	2	38.7	94.3
10. Services	437.6	9	137.7	212.8
Private Subtotal	1,614.2	29	472.6	785.5
Public				
11. Government	9.2	0	2.8	4.4
Total Effects (Private and Public)	1,623.4	29	475.4	789.9
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	882.8	21	273.8	433.0
2. Indirect and Induced Effects	740.6	8	201.6	356.9
3. Total Effects	1,623.4	29	475.4	789.9
4. Multipliers (3/1)	1.839	1.403	1.736	1.824
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				460.8
2. Taxes				144.1
a. Local				30.6
b. State				49.4
c. Federal				64.1
General				22.7
Social Security				41.4
3. Profits, dividends, rents, and other				185.0
4. Total Gross State Product (1+2+3)				789.9
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				29.5
Income				475,378
State and Local Taxes				94,895
Gross State Product				789,895

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

Table 5.24b
Economic and Tax Impacts on the State of Arkansas of \$1 Million of Overnight Heritage Tourism

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
Private				
1. Agriculture	4.8	0	0.3	0.7
2. Agri. Serv., Forestry, & Fish	1.6	0	0.7	0.7
3. Mining	2.9	0	0.4	1.4
4. Construction	17.8	0	2.4	6.6
5. Manufacturing	90.1	1	17.6	34.8
6. Transport. & Public Utilities	51.8	0	12.9	24.6
7. Wholesale	46.6	1	18.9	24.8
8. Retail Trade	503.5	15	174.7	250.6
9. Finance, Ins., & Real Estate	87.3	1	19.0	55.8
10. Services	399.1	8	123.0	195.2
Private Subtotal	1,205.4	26	369.9	595.1
Public				
11. Government	7.6	0	2.3	3.6
Total Effects (Private and Public)	1,213.0	26	372.2	598.7
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	811.9	20	255.8	395.3
2. Indirect and Induced Effects	401.1	5	116.3	203.3
3. Total Effects	1,213.0	26	372.2	598.7
4. Multipliers (3/1)	1.494	1.264	1.455	1.514
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				370.0
2. Taxes				129.5
a. Local				25.4
b. State				45.4
c. Federal				58.8
General				18.9
Social Security				39.9
3. Profits, dividends, rents, and other				99.2
4. Total Gross State Product (1+2+3)				598.7
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				25.7
Income				372,170
State and Local Taxes				85,096
Gross State Product				598,682

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.