

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0179H.011
Bill No.: HB 315
Subject: Tax Incentives; Economic Development; Department of Economic Development;
Housing
Type: Original
Date: January 6, 2023

Bill Summary: This act changes the law regarding the historic structures rehabilitation tax credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development**, the **Office of Administration – Budget & Planning**, the **Department of Commerce and Insurance**, the **State Tax Commission**, and the **Department of Natural Resources** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Department of Revenue (DOR)** assume this act makes changes to the historic preservation tax credit program. First language is added to the definition of “projected net fiscal benefit” and then language is added regarding items to consider when the Department of Economic Development is deciding to approve projects. The Department assumes this is clarifying language and would not have any additional fiscal impact on the program, especially given it has a cap.

For informational purposes, the Department is providing the following authorization, issuance and redemption totals for the last several years.

Year	Authorized	Issued	Total Redeemed
FY22	\$127,701,891	\$119,310,869	\$106,311,497
FY21	\$108,876,423	\$113,974,282	\$118,211,637
FY20	\$134,740,008	\$108,648,414	\$88,487,136
FY19	\$149,232,243	\$95,790,455	\$54,566,148
FY18	\$151,542,288	\$37,275,810	\$56,483,071
FY17	\$154,152,770	\$85,136,859	\$49,742,927
FY16	\$90,749,410	\$59,590,351	\$57,496,338
FY15	\$97,136,287	\$53,206,337	\$47,638,886
FY14	\$146,635,429	\$41,791,636	\$59,829,671
FY13	\$93,923,652	\$71,495,994	\$78,483,651
FY12	\$98,591,346	\$105,272,651	\$133,937,747
TOTAL	\$1,353,281,746	\$891,493,658	\$851,188,709

Oversight notes this act provides clarification to the existing statues regarding DED’s evaluation and assessment of historic structures projects. Oversight notes that both adjustments will not fiscally effect the current way the DED assesses historical properties for purpose of the historic

structures rehabilitation tax credit. Therefore, **Oversight** will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

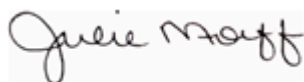
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

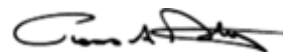
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
 Office of Administration – Budget & Planning
 Department of Commerce and Insurance
 State Tax Commission
 Department of Natural Resources
 Department of Revenue



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 Director
 January 6, 2023



Ross Strope
 Assistant Director
 January 6, 2023