

FISCAL NOTE

April 8, 2019

Bill No:	SB 30	Printer's No:	474	Sponsor:	Killion (R)
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COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund- lost revenue	\$10 million	\$10 million

SUMMARY: SB 30 creates a tax credit for low-income housing projects to be administered by the Pennsylvania Housing Finance Agency (PHFA) in coordination with the Department of Revenue.

ANALYSIS: SB 30 provides that PHFA shall allocate up to \$10 million annually in tax credits for low income housing projects. The bill stipulates that this program, when possible, shall be modeled after the Federal Housing Tax Credit program which PHFA currently administers. At least 10 percent of the tax credits issued must be for projects targeting residents making 30 percent or less of the median income of the respective area. PHFA is required to publish an annual report online detailing the credits that were awarded to various applicants.

The Department of Revenue must develop guidelines for the carryover, sale, and transfer of the credit. The Department must also develop guidelines for distribution of the credit through pass-through entities. The credit may be carried over at a reduced rate for no more than five years. The credit is non-refundable.

SB 30 takes effect 60 days after passage.

FISCAL IMPACT: PHFA currently administers the Federal Housing Tax Credit program. Presumably, many of the applicants for this new housing credit will already have applied for or received the Federal credit. However, the Department of Revenue may incur administrative costs to promulgate regulations necessary for this program.

This bill carries a cost of \$10 million in annual revenue loss to the General Fund. Additionally, due to potential carryover of unused portions of the credit from previous years, it is possible that the revenue loss will exceed \$10 million in future fiscal years.