

FISCAL NOTE

May 21, 2019

Bill No:	SB 541	Printer's No:	0605	Sponsor:	Argall (R)
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COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund- Lost Revenue	See "FISCAL IMPACT"	\$27 million
General Fund- Historic Rehabilitation Tax Credit Administration Account	See "FISCAL IMPACT"	(\$80,000)

SUMMARY: SB 541 amends the Tax Reform Code (TRC) to expand and reform the Historic Preservation Tax Credit.

ANALYSIS: SB 541 amend TRC to make numerous changes to the Historic Preservation Tax Credit. The legislation includes "workforce housing" projects in the tax credit program, which is defined as a completed project where 5% of the units meet Federal guidelines for affordable housing for tenants earning 80% of the area median income.

SB 541 provides for the Department of Community and Economic Development (DCED), which administers the Historic Preservation Tax Credit program, to charge an application processing fee of up to \$2,000. Funds generated from the fee will accrue to the Historic Rehabilitation Tax Credit Administration Account and be used to offset the administrative costs of the program.

SB 541 increases the annual cap of the credit from \$3 million to \$30 million and the limit for each individual credit granted to a taxpayer from \$500,000 to \$2.5 million. SB 541 also provides for the sale and carry over (at a reduced rate) of the credit.

The bill requires DCED to submit an annual report to the General Assembly detailing the progress and status of the Historic Preservation Tax Credit program.

SB 541 takes effect 60 days after passage.

FISCAL IMPACT: Increasing the cap of the Historic Preservation Tax Credit will lead to \$27 million in annual forgone revenue to the General Fund.

While this legislation provides for application fee of up to \$2,000, the revenue this will generate will not offset the increased administrative costs for DCED.