

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

SENATE BILL 518

5 By: Senator B. Sample
6 By: Representative Warren
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS HISTORIC REHABILITATION
10 INCOME TAX CREDIT ACT; TO PROVIDE CERTAIN
11 REQUIREMENTS FOR CERTAIN COMMUNITY REINVESTMENT
12 PROJECTS RECEIVING AN ARKANSAS HISTORIC
13 REHABILITATION INCOME TAX CREDIT; AND FOR OTHER
14 PURPOSES.

Subtitle

15
16
17
18 TO PROVIDE CERTAIN REQUIREMENTS FOR
19 CERTAIN COMMUNITY REINVESTMENT PROJECTS
20 RECEIVING AN ARKANSAS HISTORIC
21 REHABILITATION INCOME TAX CREDIT.
22
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code § 26-51-2203, concerning the definitions used
27 under the Arkansas Historic Rehabilitation Income Tax Credit Act, is amended
28 to add an additional subdivision to read as follows:

29 (10) "Qualified community reinvestment project" means a project
30 that:

31 (A) Is a rehabilitation of an architecturally significant
32 historic lodging facility that was built before 1940 and has more than six
33 (6) floors;

34 (B) Is projected to have qualified rehabilitation expenses
35 that exceed thirty million dollars (\$30,000,000);

36 (C) Includes at least ten thousand square feet (10,000 sq.



1 ft.) of meeting and event space;

2 (D) Has received a positive cost-benefit analysis from the
3 Arkansas Economic Development Commission; and

4 (E) Is approved by the Director of the Department of
5 Arkansas Heritage on or before July 30, 2020.

6
7 SECTION 2. Arkansas Code § 26-51-2204(b), concerning the Arkansas
8 historic rehabilitation income tax credit, is amended to read as follows:

9 (b)(1) The For projects other than a qualified community reinvestment
10 project, the Arkansas historic rehabilitation income tax credit shall be in
11 an amount equal to twenty-five percent (25%) of the total qualified
12 rehabilitation expenses incurred by the owner to complete a certified
13 rehabilitation up to the first:

14 ~~(1)(A)(i)~~ For a project that starts on or after January
15 1, 2009, five hundred thousand dollars (\$500,000) of qualified rehabilitation
16 expenses on income-producing property.

17 ~~(B)(ii)~~ For a project that starts on or after July
18 1, 2017, one million six hundred thousand dollars (\$1,600,000) of qualified
19 rehabilitation expenses on income-producing property; or

20 ~~(2)(B)~~ One hundred thousand dollars (\$100,000) of
21 qualified rehabilitation expenses on nonincome-producing property.

22 (2) For a qualified community reinvestment project, the Arkansas
23 historic rehabilitation income tax credit shall be in an amount equal to
24 twenty-five percent (25%) of the total qualified rehabilitation expenses
25 incurred by the owner to complete a certified rehabilitation.

26
27 SECTION 3. Arkansas Code § 26-51-2204(c)(1), concerning the Arkansas
28 historic rehabilitation income tax credit, is amended to read as follows:

29 (c)(1) The Department of Arkansas Heritage shall only issue Arkansas
30 historic rehabilitation income tax credits for up to four million dollars
31 (\$4,000,000) in any one (1) fiscal year, excluding any Arkansas historical
32 rehabilitation income tax credits issued for a qualified community
33 reinvestment project.

34
35 SECTION 4. Arkansas Code § 26-51-2204, concerning the Arkansas
36 historic rehabilitation income tax credit, is amended to add an additional

1 subsection to read as follows:

2 (i)(1)(A) The department shall not issue more than five million
 3 dollars (\$5,000,000) of Arkansas historic rehabilitation income tax credits
 4 for each qualified community reinvestment project in any one (1) fiscal year.

5 (B)(i) An Arkansas historic rehabilitation income tax
 6 credit that cannot be issued in a tax year as a result of the limitation in
 7 subdivision (i)(1)(A) of this section shall carry over to each succeeding
 8 fiscal year until it is issued.

9 (ii) The carry-forward period under § 26-51-2205
 10 shall not start until the Arkansas historic rehabilitation income tax credit
 11 is issued.

12 (2) An owner of a qualified community reinvestment project may
 13 incur qualified rehabilitation expenses for the period established and agreed
 14 to by the applicant and the department for the qualified community
 15 reinvestment project.

16 (3)(A) The Director of the Department of Arkansas Heritage may
 17 suspend new applications for the Arkansas historic rehabilitation income tax
 18 credit after the approval of a qualified community reinvestment project if
 19 the Director of the Department of Arkansas Heritage:

20 (i) Finds that the approved qualified community
 21 reinvestment project will significantly increase the amount of allocated
 22 Arkansas historic rehabilitation income tax credits for the fiscal year
 23 compared to the amount of allocated Arkansas historic rehabilitation income
 24 tax credits in the previous fiscal year; and

25 (ii) After consulting with the following officials,
 26 determines that the sustainability of the Arkansas historic rehabilitation
 27 income tax credit is best served by reducing the impact of the Arkansas
 28 historic rehabilitation income tax credit on the state's budget:

29 (a) The Governor's Budget Director;

30 (b) The Executive Director of the Arkansas
 31 Economic Development Commission; and

32 (c) The Director of the Department of Finance
 33 and Administration.

34 (B) If new applications are suspended under subdivision
 35 (i)(3)(A) of this section, new applications shall resume at the beginning of
 36 the fiscal year following the fiscal year in which the last Arkansas historic

1 rehabilitation income tax credit was issued to a qualified community
2 reinvestment project.

3
4 SECTION 5. EFFECTIVE DATE. Sections 1-4 of this act are effective for
5 tax years beginning on or after January 1, 2019.

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36