

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1555

Amendment Number: H1

Bill Subtitle: TO INCREASE THE ANNUAL CAP ON AND EXTEND THE SUNSET DATE OF THE ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT; AND TO AMEND THE USE OF FEES COLLECTED UNDER THE ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT ACT.

Basic Change :

**Sponsors: Reps. Jett, Barker, A. Collins, Eaves, Ennett, Gazaway, L. Johnson, McCullough, Pilkington, and Warren
Sens. J. Dismang, Irvin, B. Sample, and C. Tucker**

House Amendment No. 1 --- HB1555-H1 (engrossed 04/15/21) reduces the amount of Historic Rehabilitation Income Tax Credits that may be issued to \$8,000,000 per fiscal year.

Original Bill --- HB1555 increases the amount of Historic Rehabilitation Income Tax Credits that the Department of Parks, Heritage, and Tourism - Division of Arkansas Heritage (DAH) may issue each year. Under current law, DAH may only issue up to \$4,000,000 in historic rehabilitation income tax credits in a fiscal year. Beginning in fiscal year 2022, HB1555 increases the limit to \$10,000,000 per fiscal year.

Fees collected by DAH in administering the credit are cash funds to be used for the administration of the credit. HB1555 clarifies that the fees collected may be used to offset DAH's personnel costs in administering the credit.

HB1555 also extends the sunset of the Historic Rehabilitation Income Tax Credit from December 31, 2027 to December 31, 2037.

Revenue Impact :

FY2022 - \$1 million reduction to State General Revenue.

FY2023 - \$2 million reduction to State General Revenue.

FY2024 and after - \$3 million reduction to State General Revenue.

Taxpayer Impact :

A taxpayer will need to complete the documentation required for any credits earned or transferred and records will need to be maintained for audit.

Resources Required :

Computer programming, manual updates and employee training will be required.

Time Required :

Adequate time is provided for implementation.

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Procedural Changes :

Computer programs and training manuals will need to be updated. Department employees will need to be educated on changes as well as the taxpayer community.

Other Comments :

Revenue estimate based on growth rate from approximately \$2.5 million for FY2019 to \$4 million for FY2020 and FY2021 is expected to increase from the current average of \$750,000 per year to \$1 million per year for each of the first three years after enactment before leveling off. The revenue impact is not changed by the amendment as total credits are expected to increase to \$7 million within 3 years and stabilize at that amount.

Legal Analysis :

None.