

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1697

Bill Subtitle: TO AMEND THE ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT.

Basic Change : Sponsor: Representative G. Hodges

HB1697 will amend the Arkansas Historic Rehabilitation Income Tax Credit. The credit shall be 25% of qualified rehabilitation expense up to the first \$8,000,000 for income-producing property. The current expense limit is \$500,000. The current \$100,000 expense limit for non-income-producing property will remain unchanged. Also, the limit in current law limiting the total credits that may be issued by the Dept. of Arkansas Heritage to all taxpayers in a fiscal year to \$4M is increased \$20M per fiscal year. This act is effective for tax years beginning on or after January 1, 2015.

Revenue Impact :

Maximum Revenue Loss of \$16,000,000 per year.

[Based on the maximum credit increase from \$4M to \$20M]

Taxpayer Impact :

Taxpayers will be eligible for larger credits for qualified rehabilitation expenses on income-producing property.

Resources Required :

None.

Time Required :

Adequate time is allowed in the proposal.

Procedural Changes :

Education of staff on the change in the law.

Legal Analysis :

HB1697 increases the dollar amount of the credit that may be claimed on work performed on "income producing" property. The bill also increases the cap on the total dollar amount of credits that may be issued for a fiscal year. The bill will apply to tax years beginning on or after January 1, 2015.