

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB461**

**Bill Subtitle: TO AMEND THE ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT ACT; AND TO AMEND THE AMOUNT OF THE ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT.**

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### **Basic Change :**

**Sponsors: Sen. J. Dismang and Rep. Eaves**

Under the Arkansas Historic Rehabilitation Income Tax Credit Act, the Department of Parks, Heritage, and Tourism -- Division of Arkansas Heritage may issue historic rehabilitation income tax credits for eligible projects. Under current law, a taxpayer may receive an income tax credit in the amount of 25% of the total qualified rehabilitation expenses incurred by the owner, regardless of the location of the project.

Beginning in fiscal year 2024, SB461 increases the amount of the income tax credit by allowing a taxpayer to receive:

- 40% of the qualified expenses incurred in a city with a population less than 10,000;
- 35% of the qualified expenses incurred in a city with a population between 10,000 and 50,000; and
- 30% of the qualified expenses incurred in a city with a population over 50,000.

SB461 does not change the maximum amount of income tax credit that may be awarded to a taxpayer.

### **Revenue Impact :**

Revenue neutral.

### **Taxpayer Impact :**

A taxpayer would be eligible to receive historic rehabilitation income tax credits for qualified historic rehabilitation expenses incurred equal to 40% in a city with a population less than 10,000, 35% in a city with a population of 10,000 but less than 50,000, or 30% in a city with a population of 50,000 or greater.

### **Resources Required :**

Computer programs, tax forms, and instructions will need to be updated. There are no changes required for the Arkansas Integrated Revenue System (AIRS).

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Department employees and the tax community will need to be educated on the changes to the tax credit.

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**Other Comments :**

None.

**Legal Analysis :**

None.