LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 150** SLS 15RS 552
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 15, 2015 2:53 PM **Author:** MORRELL
Dept./Agy.: CRT / Revenue
Subject: Extend Tax Credit For Owner-Occupied Rehabilitation **Analyst:** Greg Albrecht

TAX/TAXATION OR DECREASE GF RV See Note

Extends income tax credits for the rehabilitation of certain owner occupied residential structures to 1/1/22. (gov sig)

Current law provides refundable tax credits against personal income tax for rehabilitation expenses associated with certain owner-occupied residential structures. The credit is 25% of costs (50% for blighted property), limited to $25,000 per structure. Credits are applied against tax liabilities over five years. Total program credit is $10 million per year. Credits may be given for tax years ending prior to January 1, 2018.

Proposed law extends the program to taxable years ending prior to January 1, 2022.

EXPENDITURES	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	DECREASE	DECREASE	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**			**$0**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Current law already allows credits to be awarded for projects that are put in service through the end of calendar year 2017. Since the tax credits associated with projects completed through that time frame would affect FY16 through FY18 tax receipts regardless of this bill (and possibly subsequent years with the five-year carry-forward allowed on these credits),those costs can not be attributed to the extension provided by this bill. To the extent pending projects can not complete by the end of 2017, this bill will provide additional time for project completion, and consequently allow for more credit costs than would otherwise occur. Primarily, though, the bill affects state exposure starting with FY18.

Based on the program extension proposed by the bill, the average annual credit realizations of recent years could be viewed as a simple anticipation of continued costs. This approach would imply continual costs in future years of some $300,000 per year. Credit realizations in FY12 were $643,000, in FY13 $304,000, and in FY14 $275,000. In the absence of the bill, credit costs should decline starting in FY19 and years beyond as current projects complete the program without new projects entering. The bill will preclude those cost reductions from occurring.

Senate Dual Referral Rules House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}

☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

☐ 6.8(F)(2) >= $500,000 Rev. Red. to State {H & S}

☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter

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Legislative Fiscal Officer