LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 166** SLS 21RS 400

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 14, 2021 6:59 PM

Author: SMITH, G.

Dept./Agy.: Insurance

Subject: Allow Historic Rehabilitation Credits Against Premium Tax

Analyst: Greg Albrecht

TAX/TAXATION OR SEE FISC NOTE GF RV

Provides relative to allowable taxes for the purposes of the historic rehabilitation tax credit. (8/1/21)

Current law provides nonrefundable tax credits of 20% of the eligible expenditures associated with rehabilitating historic structures. Credits can be claimed against individual and corporate income taxes or the franchise tax, and can be transferred among taxpayers.

Proposed law will allow the credits to be claimed against the state premium tax, as well.

EXPENDITURES	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**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	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**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**

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The current program's tax credits are awarded as nonrefundable credits with a five-year carry-forward period. If a recipient has insufficient income or franchise tax liabilities to utilize all the credit available to it in any given period, the unused credit amounts can be transferred to taxpayers with sufficient income or franchise tax liabilities. While the bill may only be able to work to increase credit utilization, unutilized credit amounts would seem to be largely voluntarily now. Unless there is a material stock of unutilized credits, due to a lack of recipient liabilities and/or buyers of unutilized credits, it seems unlikely that adding an additional tax (and taxpayers), to which the credits can be transferred, would materially increase the amount of annual credit utilization.

Senate Dual Referral Rules

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

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

House

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

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

Christopher A. Keaton

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