

## HCB 18 -- TAX CREDITS

SPONSOR: Rehder

COMMITTEE ACTION: Voted "To Introduce" by the Standing Committee on Economic Development by a vote of 12 to 0. Voted "To Return to the Committee of Origin" by the Rules- Legislative Oversight Committee by a vote of 13 to 0.

### LOW-INCOME HOUSING TAX CREDITS

This bill provides that the low-income housing tax credit (LIHTC) authorization is subject to appropriation, and that those credits shall not be transferrable. A LIHTC may not be claimed on any property that is concurrently used to authorize a historic preservation tax credit (HPTC) (Section 135.352, RSMo).

The bill also sunsets the LIHTC program in six years unless it is later reauthorized by the General Assembly (Section 135.363).

### HISTORIC PRESERVATION TAX CREDITS

This bill provides that HPTC authorization is subject to appropriation, and that the Department of Economic Development shall not authorize HPTC that in the aggregate exceed \$50 million. A HPTC may not be claimed on any property that is concurrently used to authorize a LIHTC (Section 253.550).

The bill also requires the department to consider the projected net fiscal benefit of the project, the overall size and quality of the project, the level of economic distress in the area, and input from local municipalities when deciding whether to authorize an HPTC. An applicant is also required to provide proof of the financing to complete the project, and commence property rehabilitation within nine months of the date of the HPTC authorization (Section 253.559).

The bill sunsets the HPTC program in six years unless it is later reauthorized by the General Assembly (Section 253.560).

This bill provides the department with the ability to charge a fee of 4% on the amount of HPTCs issued to be paid by HPTC recipients. Thirty-seven and one-half percent of the revenue generated by the 4% fee rate shall be appropriated from the Economic Development Advancement Fund for business recruitment and marketing (Section 620.1900).

Sections 253.545, 253.550, and 253.559 are subject to an emergency clause.

PROPONENTS: Supporters say that tax credits divert state revenues from critical functions for seniors and low-income individuals.

Testifying for the bill was Representative Brattin and Representative Taylor.

OPPONENTS: Those who oppose the bill say that low-income housing tax credits are a successful Reagan-era government program, and should be continued. Historic preservation tax credits generate more economic activity for the state than what they cost, and have been immensely successful in St. Louis. Having both tax credit programs subject to appropriation will remove the certainty necessary to bring in private investments into low-income housing and historic redevelopment projects.

Testifying against the bill were the City of St. Louis; Missouri Workforce Housing Association; Missouri Realtors; and Jim Tarrell, Historic Revitalization for Missouri.