

HCS SS SCS SB 28 -- LOW-INCOME HOUSING TAX CREDITS

SPONSOR: Hegeman

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 12 to 0. Voted "To Reconsider" by the Standing Committee on Rules- Legislative Oversight by a vote of 9 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 9 to 0.

The bill caps state low income housing tax credits at 72.5% of the federal allocation or \$123 million whichever is less, and reduces the limit on tax credits for specified projects financed using tax-exempt bonds from \$6 million to \$4 million for all fiscal years beginning on or after July 1, 2019.

This bill requires partnerships that receive tax credits for low income housing to certify the amount of credit allocated to each taxpayer owning an interest in the project. The bill also specifies reporting requirements for recapture of tax credits under Section 135.355, RSMo. The Missouri Housing Development Commission shall establish a rubric for scoring applicants for such tax credits and it may give preference to women or minority groups. The rubric will be published and applicant scores will be transparent. Beginning January 1, 2020, the commission may authorize the transfer or sale of tax credits conditional upon the filing of a notarized endorsement with the Department of Revenue that contains information specified in the bill.

PROPONENTS: Supporters say that it will place reasonable caps on the low income housing program, but ensure that this useful and needed program will restart. There is a great demand for housing in Missouri and a long wait list for such properties. The entire state economy benefits from the credits which provide jobs. The credits are not subject to fraud because of significant regulation.

Testifying for the bill were Senator Hegeman; Missouri Workforce Housing Association; Missouri Transportation And Development Council; Missouri Realtor; and Missouri Bankers Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that audits have demonstrated inefficiencies in the low income housing credit program. Caps on credits in themselves will not prevent waste or inefficiencies. Credits should be transferable to gain maximum economic advantages for the state. Regulations are needed to improve the credit allocation process as currently about \$180 million in credit issuance results only in \$80 million in low

income housing development.

Testifying on the bill was Scott Fitzpatrick, Missouri State Treasurer.