HB 423 -- Distressed Areas Land Assemblage Tax Credit

Sponsor: Zerr

This bill changes the laws regarding the Distressed Areas Land Assemblage Tax Credit. The bill revises the definition of "acquisition costs" to include engineering, surveying, title insurance, and architectural and design costs incurred in connection with the acquisition, financing, parcel consolidation or site and redevelopment area planning of eligible parcels. Acquisition costs include maintenance costs for 12 years instead of five years.

The bill revises the definition of "eligible parcel" to exclude parcels acquired by the applicant from a municipal authority prior to August 28, 2007.

The bill revises the definition of an “eligible project area” to include a redevelopment area as defined under the Real Property Tax Increment Allocation Redevelopment Act that contains at least 300 acres in 80 or more parcels, includes or previously included more than one million square feet of commercial building space, and is located within a low-income community as defined in 26 U.S.C. Section 45D as of January 1, 2011. An applicant is required to own at least 50 acres of eligible parcels within an eligible project area, excluding any parcels acquired from a municipal authority. The applicant must own at least 150 contiguous acres of real property, which may be separated by the width of public right-of-way, within the urban renewal area or redevelopment area containing the eligible project area.

The bill revises the definition of "interest costs" to exclude loans for acquisition costs including, interest, loan fees and closing costs associated with the refinancing of the loans.

The bill allows an applicant to receive a tax credit for acquisition and interest costs of an eligible parcel for 12 years instead of five years. Currently, an applicant can receive a tax credit for 50% of reasonable demolition costs. The bill increases the amount of the tax credit to 100% of the reasonable demolition costs. An applicant is allowed to file for the tax credit quarterly instead of annually.

The annual amount of tax credits issued is increased from $20 million to $30 million, and the aggregate program cap authorized after August 28,2013 is $95 million. The bill establishes a process for allocating the annual $30 million in tax credits depending upon the number of eligible applicants. No single applicant can receive more than 50% of the annual $30 million tax credits.

The provisions of the bill will expire six years after the effective date.