

HB 2815 -- HISTORIC PRESERVATION TAX CREDIT

SPONSOR: Riggs

This bill modifies provisions relating to the Historic Preservation tax credit, and renames such tax credit the "Missouri Historic, Heritage, Tourism, and Rural Revitalization Act".

This bill allows counties to designate certain structures as "essential community or heritage facilities", which will be structures that are historic county courthouses located in a qualifying county, vacant structure or theater, as defined in the bill, or structures that are significant in the history, architecture, archeology, or culture of the state or its communities, which must have been constructed at least 50 years prior to an application for tax credits, and which will have at least \$100,000 in estimated eligible costs and expenses to be incurred in the rehabilitation of such structure. Five million dollars of the amount of tax credits that may be authorized under this bill will be reserved for essential community or heritage facility projects historic county courthouses, provided that no county will have more than two such projects approved in a given fiscal year, and provided that such projects will only receive tax credits from the reserved amount. If the maximum amount reserved for such projects is authorized in any fiscal year, the amount reserved will be increased by \$1 million, provided that no more than \$10 million will be reserved for such projects. Any amount of reserved tax credits not authorized by March 31 of a fiscal year will no longer stand reserved, and may be authorized for any project under the bill.

Currently, the law limits the amount of tax credits that may be issued under this bill to \$90 million, with an additional \$30 million available for projects that are located in a qualified census tract, as defined in the bill. The bill modifies this provision to provide that the \$90 million limit will be used only for projects not located in a qualified census tract. If the maximum amount of the \$30 million allowed for projects located in a qualified census tract is authorized, such projects may be authorized under the \$90 million limit, provided such maximum amount has not been authorized.

The bill also modifies the tax credits which may be claimed under the act for residential structures. Currently, such structures will be non-income producing single-family, owner-occupied residential property. This bill allows the structure to be either owner-occupied or occupied by a relative within the third degree of consanguinity or affinity of the applicant. For applications approved on or after July 1, 202, any residential project located

in a county that is not a qualified county will only receive tax credits if it is located in a distressed area, as described in the bill (Section 253.550, RSMo).

Currently, the amount of tax credits that a project may receive is limited to 25% of the total costs and expenses of rehabilitation incurred. This bill modifies the amount for low-income housing residential projects to 25% of total costs. For essential community or heritage facility projects that are historic county courthouses, the amount will be 50% of total costs or \$500,000, whichever is less. For all other projects located in a qualifying county, except low-income housing projects, the amount will be 35% of total costs. For all other projects located in a county that is not a qualifying county, the amount will remain 25% (Section 253.545).

This bill modifies the carry-back and carry-forward provisions of tax credits issued under this bill to apply only for all tax credits authorized on or after January 1, 2010, and before July 1, 2022. Currently, not-for-profit entities are prohibited from receiving historic preservation tax credits. This bill allows these entities to claim such tax credits (Section 253.557).

If the scope of an approved project materially changes, such project will be eligible to receive additional tax credits, as described in the bill. If the project was originally approved prior to August 28, 2018, the Department of Economic Development will evaluate the change in scope under the criteria in effect prior to such date (Section 253.559).

Projects that receive approval for tax credits must commence rehabilitation within 18 months, rather than nine months, of the date of approval. Additionally, "commencement of rehabilitation" is defined as the date that physical work has begun, the taxpayer will have incurred no less than 20%, rather than 10% percent, of the estimated costs of rehabilitation. Taxpayers must notify the Department of any loss of site control, or of failure to obtain site control, within 10 days of such failure. Taxpayers may voluntarily forfeit project approval at any time. The amount of tax credits authorized for such forfeited or rescinded project will be made available for other projects. If a taxpayer later submits an application for the same project, any expenditures which are incurred after the date of the rescinded or forfeited approval will remain eligible expenditures for the purposes of determining the amount of tax credits (Section 253.559).

After completion of a project, the taxpayer is required to submit an application for the final approval of costs and issuance of tax credits. Within 60 days of receipt of such application, the

Department must issue to the taxpayer tax credits in the amount of 75% of the amount of tax credits for which the taxpayer is eligible based on the application for final approval, or 75% of the amount of tax credits approved under the initial application, whichever is less. Within 120 days of an application for final approval, the Department must make a determination of final costs and the amount of tax credits to be issued, and must issue the balance of tax credits owed to the applicant and not issued in the initial tax credit issuance. If the amount initially issued exceeds the amount that the taxpayer is eligible for, as determined by the Department's final approval, the taxpayer must repay such excess amount to the Department (Section 253.559).

An applicant or their duly authorized representative may appeal any official decision made by the Department with regard to the application submitted to an independent third-party appeals officer designated by the Department. This appeal must be submitted in writing within 30 days of the applicant's receipt of the decision being appealed. The appeals officer must deliver a written decision no later than 90 days after initial receipt of the appeal (Section 253.559).

Currently, the Department may charge a fee of 4% of the value of tax credits issued under the bill for deposit in the Economic Development Advancement Fund, with 37.5% of such revenue appropriated for business recruitment and marketing and the remainder appropriated for various purposes in the Department. This bill modifies such provision to distribute the revenues as follows: 37.5% in the Economic Development Advancement Fund for business recruitment and marketing, 25% to the Department for the administration of the bill, 25% to the Department of Natural Resources for the administration of the bill, and the remaining 12.5% to the Economic Development Advancement Fund for purposes allowed by current law (Section 620.1900).

This bill is similar to HB 2359 and SB 819 (2020).