LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 483** HLS 23RS 841
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 6, 2023 12:39 PM
Author: MAGEE
Dept./Agy.: Lt. Governor/CRT/Revenue
Subject: Increase & Extend Historic Rehab redit, add rural credit
Analyst: Benjamin Vincent

TAX CREDITS EN -$32,500,000 GF RV See Note
Provides relative to the rehabilitation of historic structures tax credit

Current law provides for a transferable income and franchise tax credit of 20% of eligible expenses incurred on income-generating structures located in a downtown development or cultural district that is also listed on the National Register of Historic Places or state certified as contributing. The credit is modeled after a similar 20% federal credit. Expenses must be incurred between 1/1/18 and 1/1/26, and the credit is earned in the year in which the property is placed in service (with a 5 year carryforward). The annual project cap is $5M credits issued per taxpayer per downtown or cultural district. The annual program cap is $125M, unused credits roll to the next year, and expenses paid by other state or federal grants are not eligible.
Proposed law increases the credit to 25%, extends the program spending deadline by 3 years to 1/1/29, and increases the credit to 35% of qualified expenses incurred between 1/1/23 and 1/1/29 for historical structures in rural areas as defined in the bill. Proposed law clarifies that the structure must contribute to a National Register listing.

EXPENDITURES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

REVENUES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	($32,500,000)	($32,500,000)	($32,500,000)	($32,500,000)	($32,500,000)	**($162,500,000)**
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

After consideration of the efforts involved in the expansion, one or both departments may require additional resources, particularly when combined with other responsibilities that may accumulate due to session action. It is expected that application and transfer fees will either offset or fund any additional duties as understood in the preliminary evaluation of the expansion.

REVENUE EXPLANATION

Increasing the credit from 20% to 25% of qualifying expenses, and from 20% to 35% of qualifying expenses in rural areas, will reduce state general fund revenues. The bill retains current eligibility criteria but increases the credit by 15 percentage points for projects located in rural areas as defined in the bill (parishes less than 100,000 population, municipalities less than 35,000 population, and unincorporated areas of parishes with less than 100,000 population). CRT can identify 4,277 projects in these rural locales that may qualify for the credit, though cultural districts would have to be formed and rehabilitation plans would have to be undertaken.

Based on the projects that received credit reservations in the past five years and considered rural as defined in the bill, the increase in the rural credit would result in a revenue reduction of $1.2 million annually, in addition to an annual reduction of $31.3 million due to increasing the credit to 25%. The total revenue impact would thus amount to $32.5 million annually.

According to CRT, the FY23 program cost cap is $323 million with the rollover of unused credits in prior years, implying approximately $198 million in total credits that may be used beyond the annual cap of $125 million. This amount of unused credit allows the full impact of $32.5 million beyond the fiscal note horizon, unhindered by the existing program cap.

The Department of Culture, Recreation and Tourism along with the Department of Revenue receive application and transfer fees from these projects. To the extent the program expansion generates additional applications and transfers, these departments will also receive additional fees.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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