HB 2717 -- HISTORIC PRESERVATION

SPONSOR: Fraker

This bill renames the Historic Preservation Tax Credit to the "Missouri Historic, Heritage, Tourism, and Rural Revitalization Act." The bill creates a schedule of appropriations that are to made to the State Capitol Commission Fund until June 30, 2024. The amount of any appropriations that exceeds other sources of revenue into the fund shall be included in the total authorization limit of historic preservation tax credits. The total authorization limit is further restricted by tying its' annual increases in inflation, and whatever amounts are appropriated to the Capitol Commission Fund until June 30, 2024 (Sections 8.007, 253.544, and 253.550, RSMo).

Of the tax credit authorization limit, $10 million shall be reserved for "essential community or heritage facility projects," as defined in the bill. However, no county shall have more than two such projects approved in a given fiscal year, and provided that such projects shall only receive tax credits from the reserved amount. Any amount of reserved tax credits not authorized by March 31 of a fiscal year shall no longer stand reserved, and may be authorized for any other projects.

Currently, only non-income producing single-family, owner-occupied residential property is eligible for future historic preservation tax credits. This bill qualifies structures that are either owner-occupied or occupied by a relative within the third degree of the applicant, but only if the property is located in a certified historic district or is a certified historic structure. Property not located in a qualifying county shall not be eligible for tax credits unless it is located in a distressed community (Section 253.550).

This bill also enables historic preservation tax credits authorized as of July 1, 2018 to carry back one year and carry forward five years or until the full credit is used, whichever comes first. However, tax credits may only be claimed by not-for-profit entities if the credits are authorized for essential community or heritage facility projects (Section 253.557).

Currently, the amount of tax credits that a historic preservation project may receive is 25% of the total rehabilitation costs. In the bill, the percentage for essential community or heritage facility projects shall be 50% of total costs or $500,000, whichever is less. For residential projects, 25% of total costs or $50,000, whichever is less. For projects in qualifying counties and that are neither essential community or heritage facilities or residential projects, 35% of total costs. For projects located in qualifying counties, that are not essential community or heritage facilities, and that also receive Low Income Housing Tax Credits, 25% of total costs. For all other projects not located in qualifying counties or not residential projects, 25% of total costs. Provided that, if the scope of an approved project materially changes, such project shall be eligible to receive additional tax credits, as detailed in the bill (Sections 253.545 and 253.559.3).

Projects that receive approval for tax credits shall start rehabilitation within 18 months of the date of approval. Taxpayers shall notify the Department of Economic Development 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. 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 shall remain eligible expenditures for the purposes of determining the amount of tax credits (Section 253.259.6).

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 shall 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 one year of an application for final approval, the department shall make a determination of final costs and the amount of tax credits to be issued, and shall issue the balance of tax credits owed to the applicant. If the amount initially issued exceeds the amount that the taxpayer is eligible for the taxpayer shall repay such excess amount to the department (Section 253.559.7).

Upon issuance of tax credits, a taxpayer shall remit a fee of 2.25% of the value of the tax credits to the department, and a fee of 0.25% of the value of the tax credits to the Department of Natural Resources (Section 253.559.8).

Historic preservation projects that are not located in a qualifying county shall not also receive Low Income Housing Tax Credits for the same project (Section 253.559.10).

Furthermore, an applicant or their agent may appeal any official decision made by the department with regard to the application before an independent third-party designated by the department (Section 253.559.11).

This bill is the same as SB 1032 (2018).