COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6788H.01I
Bill No.: HB 3080
Subject: Economic Development; Department of Economic Development; Tax Credits
Type: Original
Date: February 24, 2026

Bill Summary: This proposal modifies the historic preservation tax credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Could exceed ($27,940,000)	Could exceed ($28,498,800)	Could exceed ($29,068,776)
Total Estimated Net Effect on General Revenue	**Could exceed ($27,940,000)**	**Could exceed ($28,498,800)**	**Could exceed ($29,068,776)**

*Oversight reflects a change in §253.550.2(1) increasing the amount of tax credits being deemed a "small project" from $275K to $495K with applicable CPI adjustment each year.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on Other State Funds			

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on All Federal Funds			

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE			

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

§§253.544, 253.545, 253.550, 253.557, and 253.559 - Historic Preservation Tax Credit

Officials from the **Department of Revenue (DOR)** note:

§253.545 Historic Preservation Tax Credit:

This modifies the definition of applicable percentage to add historic schools to be capped at 35%. Since this credit has an annual cap this will not have any additional fiscal impact.

§253.550:

The Historic Preservation tax credit program has an annual cap of $90 million. However, certain small projects, like taxpayer's personal residence may qualify for tax credits under this program however, those smaller projects are not subject to the $90 million cap. This proposal increases the dollar amount allowed for those smaller projects from $275,000 to $495,000. This would result in more, smaller projects being eligible for the tax credits.

DOR defers to the Department of Economic Development and Department of Natural Resources as the administrators of this program, to estimate this increased fiscal impact.

For informational purposes only, DOR is providing the amount of credits authorized, issued and redeemed over the last several years.

Year	Authorized	Issued	Total Redeemed
FY 2025	$248,887,459.37	$82,962,092.02	$98,813,468.35
FY 2024	$138,889,780.24	$114,590,574.32	$69,207,931.28
FY 2023	$149,870,361.07	$68,752,030.02	$97,637,448.50
FY 2022	$127,701,891.25	$119,310,869.31	$106,311,497.14
FY 2021	$108,876,422.99	$113,974,281.81	$118,211,637.42
FY 2020	$134,740,008.39	$108,648,413.83	$88,487,136.31
FY 2019	$149,232,242.59	$95,790,454.95	$54,566,148.49
FY 2018	$151,542,287.87	$37,275,810.30	$56,483,070.00
FY 2017	$154,152,769.59	$85,136,858.50	$49,742,926.72
FY 2016	$90,749,410.21	$59,590,350.87	$57,496,338.08
FY 2015	$97,136,286.75	$53,206,337.42	$47,638,885.69
FY 2014	$146,635,428.72	$41,791,636.18	$59,829,670.95
FY 2013	$93,923,651.90	$71,495,993.81	$78,483,650.67
FY 2012	$98,591,345.91	$105,272,650.95	$133,937,746.83

Officials from the **Office of Administration – Budget & Planning (B&P)** note:

Subsection 253.550.1(1) is modified delaying the date when cost can start occurring for certain projects. This may cause an issue with current ongoing projects as they may not qualify for the tax credits they qualify for now. This change may have an indeterminant fiscal impact on TSR and GR.

Likewise, subsection 253.550.5 is modified delaying the date that large projects could qualify. This could mean more large scale projects may qualify for the historic tax credit. While this will not have a direct impact on TSR and GR as the program authorization cap is not changed, this provision could change credit utilization.

Additionally, subsection 253.550.2(1) could increase the number of small projects not subject to the provisions in section 253.559 by increasing the project exemption size from $275K to $495K. This change could result in additional small project qualifying for tax credits outside of the $16 million authorization limit set for larger projects. B&P is unable to determine the number of small projects that may now qualify for these tax credits outside of the annual authorization limit. Therefore, this provision may have an unknown, negative, fiscal impact on TSR and GR.

Officials from the **Department of Economic Development (DED)** note**:**

253.545 (d) increases the tax credit from 25% to 35% for rehabilitation of a property that is a historic school.

This would have increased eligible historic school properties incentive by approximately $1.6M, however because of the tax credit cap, we do not think there is a fiscal impact from this specific change. The date historic schools would be able to claim 35% would be if the rehabilitation occurred on or after July 1, 2026.

253.550.2(1) increases the amount received in tax credits that deem a project a "small project" from $275K to $495K. This change will reduce TSR by up to $27,940,000.

253.550.5 changes single-resource historic structures with Part 1 approval by January 1, 2024 to 2026. If the tax credit exceeds $60M, it must be split evenly over 6 fiscal years.

253.557.2 requires transfer paperwork to be sent to Department of Natural Resources instead of Department of Economic Development. This could pose potential issues.

253.559.1 changes who applications are submitted to--it changes from Department of Economic Development to Natural Resources.

Based on information from the January Tax Credit Analysis form, **Oversight** notes the following:

	FY 2023	FY 2024	FY 2025
Authorized	$149,870,361	$138,889,780	$248,887,459
Issued	$68,752,030	$114,590,574	$82,962,092
Redeemed	$97,637,449	$69,207,931	$98,813,468

Oversight notes that projects eligible under §253.545(d) (Historic Schools) and §253.550.5 (single-resource certified historic structures exceeding one million gross square feet) may increase utilization of the cap. However, based on the current program authorizations, these provisions are not expected to result in an additional fiscal impact.

Oversight notes that small projects under 253.550.2(1) are not subject to the cap; therefore, **Oversight** will reflect the cost $27,940,000 to the general revenue in the fiscal note, beginning FY 2027.

Oversight notes the proposal allows for smaller projects, as per Section 253.550.2 (3), to be adjusted by the percentage increase in the CPI. Therefore, Oversight will adjust the amount, accordingly, beginning FY 2028, in the fiscal note.

In response to similar legislation, SB 961 (2026), officials from the **Department of Natural Resources (DNR)** noted:

The language in this proposed legislature assigns duties to State Historic Preservation Office (SHPO) that currently are assigned to Department of Economic Development (DED):

§§253.557.2 and 253.559.1 assign functions to the Department of Natural Resources (DNR) that currently are the administrative responsibilities of the Department of Economic Development (DED). DNR's sole responsibility, through SHPO, is to conduct architectural reviews of Historic Tax Credit projects to ensure they comply with the Secretary of the Interior's (SOI) Standards for Rehabilitation of Historic Properties

The department is unable to put a dollar amount on this provision at this time.

§253.557.2 states, "The assignee of the tax credits, hereinafter the assignee for purposes of this subsection, may use acquired credits to offset up to one hundred percent of the tax liabilities otherwise imposed pursuant to chapter 143 and chapter 148, except for sections 143.191 to 143.265.

The assignor shall perfect such transfer by notifying the department in writing within thirty calendar days following the effective date of the transfer and shall provide any information as may be required by the department of natural resources to administer and carry out the provisions of this section."

DED administers the State Historic Tax Credit (HTC) program and specifically the provisions within this section. The department is unable to put a dollar amount on this provision at this time.

§253.559.1 states, "To obtain approval for tax credits allowed under §§253.544 to 253.559, a taxpayer shall submit an application for tax credits to the department of natural resources." This is currently an administrative function of DED. The department is unable to put a dollar amount on this provision at this time.

§§Sections 253.559.4 (2) and 253.559.4 (10.c) impose a state procedural requirement on a federal process, the Federal Historic Tax Credit program.

§253.559.4 (2) states, "If the state historic preservation office approves the application for tax credits within the sixty-day determination period established in subdivision (1) of this subsection, such office shall forward the application with any review comments to the National Park Service and shall forward any such review comments to the applicant. If such office fails to approve the application within the sixty-day determination period, such office shall forward the application without any comments to the National Park Service and shall have no further opportunity to submit any comments on such application."

§253.559.4 (10.c) includes similar language, "The state historic preservation office shall review each final application within sixty days and then forward the application to the National Park Service and send copies of any review comments to the applicant. If the state historic preservation office fails to review the application within sixty days, the application shall be forwarded without comments to the National Park Service and the state historic preservation office shall have no further opportunity to submit comments on such application."

SHPO does not forward State Historic Tax Credit (HTC) applications to the National Park Service (NPS). Review of State HTC applications is outside the NPS' statutory authority. Only Federal HTC applications are submitted to the NPS, and SHPO follows the submission procedures and timeline established by the NPS.

The provisions that would require to forward federal HTC applications without comment if not reviewed within the 60-day timeframe would prevent SHPO from complying with its responsibilities under the conditions of the federal Historic Preservation Fund (HPF) grant that serves as the program's primary funding source, potentially impacting the office's ability to meet its federal and state administrative responsibilities. The department is unable to put a dollar amount on this provision at this time.

Oversight notes that, pursuant to the legislation, the DNR will assume responsibility for certain approval processes that qualify organizations for this tax credit that currently are handled by DED. Therefore, Oversight will reflect potential administrative costs for the DNR and unknown amount of savings to DED as a result of transfer of responsibilities in the fiscal note.

Officials from the **Oversight Division** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

FISCAL IMPACT – State Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
Cost – DNR (§§253.557 – 253.559) Administrative cost p.5-6	(Unknown)	(Unknown)	(Unknown)
Savings – DED (§§253.557 – 253.559) Administrative cost p.5-6	Unknown	Unknown	Unknown
Cost – (§253.550.2(1)) Increase from $275K to 495K for small projects p.4-5	Could exceed ($27,940,000)	Could exceed ($28,498,800)	Could exceed ($29,068,776)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**Could exceed ($27,940,000)**	**Could exceed ($28,498,800)**	**Could exceed ($29,068,776)**

FISCAL IMPACT – Local Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
	$0	**$0**	**$0**

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

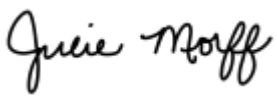
This act modifies the definition of "applicable percentage" for the purpose of determining the value of a historic preservation tax credit by providing that the applicable percentage for the rehabilitation of a property that is a historic school shall be 35%.

Additionally, current law limits the total amount of historic preservation tax credits that may be authorized in a fiscal year, with an exception for projects that receive less than $275,000. This act increases such amount to $495,000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration – Budget & Planning
Joint Committee on Administrative Rules
Office of the Secretary of State
Oversight Division
Department of Economic Development
Department of Natural Resources



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