

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6788H.03P
 Bill No.: Perfected HCS for HB 3080
 Subject: Economic Development; Department of Economic Development; Tax Credits
 Type: Original
 Date: April 2, 2026

Bill Summary: This proposal modifies the historic preservation tax credit and includes an emergency clause.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Historic Preservation Revolving Fund (1430)*	\$0 to (\$1,300,000)	\$0 to (\$1,300,000)	\$0 to (\$1,300,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (\$1,300,000)	\$0 to (\$1,300,000)	\$0 to (\$1,300,000)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Funds*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes the loss of federal funds could exceed \$250,000.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	\$0	\$0	\$0

- 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 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

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:

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

This proposal would extend the date of which a project had to be approved to qualify for credits. That date moved from January 1, 2024, to January 1, 2026. DOR assumes moving this deadline would not have any additional fiscal impact.

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

§§253.550.5 is modified, which may change the number of large scale projects that qualify for the 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, which may have an indeterminant fiscal impact on GR cash flows.

Officials from the **Department of Natural Resources (DNR)** note:

§253.559.4(2), starting at line 97, 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.”

Similarly, §§253.559.10(1)(c) starting on line 259, states, “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.”

Both sections seem to impose a state statutory requirement on a federal program. Additionally, both sections potentially put the State Historic Preservation office (SHPO) in violation of the terms of their Historic Preservation Fund (HPF) Grant with the National Park Service (NPS). SHPO does not have the latitude to forward federal applications without comment to the NPS without their explicit approval. Doing so could be perceived by the NPS as a failure on the part of SHPO to perform its administrative functions as outlined in the HPF grant agreement and could put SHPO in jeopardy of continued receipt of its annual HPF grant. If a SHPO's performance is deemed inadequate, the HPF grant manual notes that serious breaches or failure to meet performance measures can negatively affect future grant applications and could lead to withholding, suspension, or termination of funds. The HPF is the primary funding source for SHPO's administrative and operational responsibilities. SHPO receives approximately \$1.3 million annually in HPF monies.

Oversight does not have information to the contrary; therefore, Oversight will reflect an unknown annual loss of \$1,300,000 to the Historic Preservation Revolving Fund. Additionally, Oversight will reflect a potential loss of \$0 or an unknown amount to federal funds, as well as to local political subdivisions, if a violation of the Historic Preservation Fund (HPF) grant agreement is determined.

Officials from the **Department of Economic Development (DED)** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027	FY 2028	FY 2029
HISTORIC PRESERVATION REVOLVING FUN (1430)			
<u>Revenue Loss – DNR (§§253.559.4(2) and 253.559.10.(1)(c)) Non-compliance with HPO federal guidelines p.4</u>	\$0 to <u>(\$1,300,000)</u>	\$0 to <u>(\$1,300,000)</u>	\$0 to <u>(\$1,300,000)</u>
ESTIMATED NET EFFECT ON HISTORIC PRESERVATION FUND	\$0 to <u>(\$1,300,000)</u>	\$0 to <u>(\$1,300,000)</u>	\$0 to <u>(\$1,300,000)</u>
FEDERAL FUNDS			
<u>Loss – DNR (§§253.559.4(2) and 253.559.10.(1)(c)) Non-compliance with HPO federal guidelines p.4</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss – Cities & Counties</u> (§§253.559.4(2) and 253.559.10.(1)(c)) Non-compliance with HPO federal guidelines p.4	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill makes several technical changes to provisions of law relating to facilities of historic significance.

The bill contains an emergency clause to provide the provisions of the sections outlined in the bill are intended to and shall be retroactive from the effective date and shall apply to all applications for tax credits received by or approved by the Department at any time on or after August 28, 2024.

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

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Office of the Secretary of State
Department of Economic Development
Department of Natural Resources



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