State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

SENATE BILL 518

By: Senator B. Sample
By: Representative Warren

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT ACT; TO PROVIDE CERTAIN REQUIREMENTS FOR CERTAIN COMMUNITY REINVESTMENT PROJECTS RECEIVING AN ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT; AND FOR OTHER PURPOSES.

Subtitle

TO PROVIDE CERTAIN REQUIREMENTS FOR CERTAIN COMMUNITY REINVESTMENT PROJECTS RECEIVING AN ARKANSAS HISTORIC REHABILITATION INCOME TAX CREDIT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 26-51-2203, concerning the definitions used under the Arkansas Historic Rehabilitation Income Tax Credit Act, is amended to add an additional subdivision to read as follows:

(10) "Qualified community reinvestment project" means a project that:

(A) Is a rehabilitation of an architecturally significant historic lodging facility that was built before 1940 and has more than six (6) floors;

(B) Is projected to have qualified rehabilitation expenses that exceed thirty million dollars ($30,000,000);

(C) Includes at least ten thousand square feet (10,000 sq.

ft.) of meeting and event space;

(D) Has received a positive cost-benefit analysis from the Arkansas Economic Development Commission; and

(E) Is approved by the Director of the Department of Arkansas Heritage on or before July 30, 2020.

SECTION 2. Arkansas Code § 26-51-2204(b), concerning the Arkansas historic rehabilitation income tax credit, is amended to read as follows:

(b)(1) ~~The~~ For projects other than a qualified community reinvestment project, the Arkansas historic rehabilitation income tax credit shall be in an amount equal to twenty-five percent (25%) of the total qualified rehabilitation expenses incurred by the owner to complete a certified rehabilitation up to the first:

~~(1)(A)~~(A)(i) For a project that starts on or after January 1, 2009, five hundred thousand dollars ($500,000) of qualified rehabilitation expenses on income-producing property.

~~(B)~~(ii) For a project that starts on or after July 1, 2017, one million six hundred thousand dollars ($1,600,000) of qualified rehabilitation expenses on income-producing property; or

~~(2)~~(B) One hundred thousand dollars ($100,000) of qualified rehabilitation expenses on nonincome-producing property.

(2) For a qualified community reinvestment project, the Arkansas historic rehabilitation income tax credit shall be in an amount equal to twenty-five percent (25%) of the total qualified rehabilitation expenses incurred by the owner to complete a certified rehabilitation.

SECTION 3. Arkansas Code § 26-51-2204(c)(1), concerning the Arkansas historic rehabilitation income tax credit, is amended to read as follows:

(c)(1) The Department of Arkansas Heritage shall only issue Arkansas historic rehabilitation income tax credits for up to four million dollars ($4,000,000) in any one (1) fiscal year, excluding any Arkansas historical rehabilitation income tax credits issued for a qualified community reinvestment project.

SECTION 4. Arkansas Code § 26-51-2204, concerning the Arkansas historic rehabilitation income tax credit, is amended to add an additional

subsection to read as follows:

(i)(1)(A) The department shall not issue more than five million dollars ($5,000,000) of Arkansas historic rehabilitation income tax credits for each qualified community reinvestment project in any one (1) fiscal year.

(B)(i) An Arkansas historic rehabilitation income tax credit that cannot be issued in a tax year as a result of the limitation in subdivision (i)(1)(A) of this section shall carry over to each succeeding fiscal year until it is issued.

(ii) The carry-forward period under § 26-51-2205 shall not start until the Arkansas historic rehabilitation income tax credit is issued.

(2) An owner of a qualified community reinvestment project may incur qualified rehabilitation expenses for the period established and agreed to by the applicant and the department for the qualified community reinvestment project.

(3)(A) The Director of the Department of Arkansas Heritage may suspend new applications for the Arkansas historic rehabilitation income tax credit after the approval of a qualified community reinvestment project if the Director of the Department of Arkansas Heritage:

(i) Finds that the approved qualified community reinvestment project will significantly increase the amount of allocated Arkansas historic rehabilitation income tax credits for the fiscal year compared to the amount of allocated Arkansas historic rehabilitation income tax credits in the previous fiscal year; and

(ii) After consulting with the following officials, determines that the sustainability of the Arkansas historic rehabilitation income tax credit is best served by reducing the impact of the Arkansas historic rehabilitation income tax credit on the state's budget:

(a) The Governor's Budget Director;

(b) The Executive Director of the Arkansas Economic Development Commission; and

(c) The Director of the Department of Finance and Administration.

(B) If new applications are suspended under subdivision (i)(3)(A) of this section, new applications shall resume at the beginning of the fiscal year following the fiscal year in which the last Arkansas historic

rehabilitation income tax credit was issued to a qualified community reinvestment project.

SECTION 5. EFFECTIVE DATE. Sections 1-4 of this act are effective for tax years beginning on or after January 1, 2019.