

Legislative Analysis



HISTORIC PRESERVATION CREDIT: REFUND OF CARRYOVER

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4934

Sponsor: Rep. Kurt Heise

Committee: Tax Policy

Complete to 3-21-14

A SUMMARY OF HOUSE BILL 4934 AS INTRODUCED 8-28-13

Until the passage of Public Act 38 of 2011, a historic preservation credit was available under the Income Tax Act. This was a credit for the rehabilitation of historic sites and was equal to 25% of certain qualified expenditures. House Bill 4934 addresses that credit. While these credits are no longer available, some granted earlier are still in place.

Generally speaking, if a credit and any unused carryforward of the credit exceed the taxpayer's tax liability for the tax year, the excess may be carried forward to offset tax liability for 10 years or until used up, whichever occurs first. House Bill 4934 would specify that for projects where the required certificate was issued in the 2006 tax year (specifically, the tax year beginning after December 31, 2005 and before January 1, 2007) and for which the unused carryforward allowed as of December 31, 2012, was less than \$80,000, the taxpayer could elect for the 2013 tax year to forgo the remainder of the carryover period and receive a refund of the amount of the carryover that exceeds the taxpayer's tax liability for the 2013 tax year. The amount of the refund would be equal to 90% of the amount of the carryover that exceeds tax liability, and the election would be irrevocable.

(Note: the Income Tax Act currently includes a provision that allows similar refunds of carryover amounts, but they apply only to certificates issued in the tax year beginning after December 31, 2008, and for which the credit amount allowed is less than \$250,000.)

FISCAL IMPACT:

As written, the bill would reduce state revenues by a maximum of \$80,000 multiplied by the number of taxpayers that are affected. Any reduction in revenues would likely affect the General Fund.

Legislative Analyst: Chris Couch

Fiscal Analyst: Adam Desrosiers

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