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FISCAL IMPACT REPORT

SPONSOR: Aragon DATE TYPED: 02/19/01 HB _____
 SHORT TITLE: Community Contribution Tax Credit SB 645
 ANALYST: Williams

REVENUE (See Text)

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	Up to (\$10,000.0)		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

No Response

Taxation and Revenue Department
 Department of Finance and Administration

SUMMARY

Synopsis of Bill

The bill authorizes the community contribution tax credit to be claimed against corporate income taxes when the taxpayer is certified by the Local Government Division of the Department of Finance and Administration. The credit would be 50 percent of the value of a community contribution and would not exceed \$200,000 in aggregate for all community contributions to community development projects in a given taxable year. "Community contribution" is defined as a grant to a community development project including cash or other liquid assets, real property or goods or other physical resources, which is used exclusively for that project and is not used for administrative or operational expenses. The eligible community development projects must be designed to construct, improve or substantially rehabilitate housing or commercial, industrial or public resources and facilities and must meet certain requirements.

The cost of the bill is capped at \$10 million in that the Local Government Division may not certify credits beyond this limit in a given year. The credit may be carried forward by the taxpayer for five years as long as the \$200,000 limitation is not exceeded. The bill is effective beginning tax year 2001.

Significant Issues

The purpose of the bill is to encourage the participation of private corporations in community housing development and revitalization projects by public redevelopment organizations.

It is not clear whether the \$200,000 limit applies to the contributions or credits.

FISCAL IMPLICATIONS

This bill would reduce general fund revenues on a recurring basis. There is considerable uncertainty on the extent to which the credit would be utilized. The total fiscal impact of the legislation is capped at \$10,000.0; however, actual credits claimed could be considerably less.

An updated analysis will be prepared upon receipt of input from the Taxation and Revenue Department.

AW/ar