

# FISCAL NOTE

**Bill #:** HB619

**Title:** Tax credit for preserving historically significant property

**Primary**

**Sponsor:** Christopher Harris

**Status:** Second Reading

\_\_\_\_\_  
Sponsor signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chuck Swysgood, Budget Director

\_\_\_\_\_  
Date

## Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<b>Net Impact on General Fund Balance:</b>	<b>0</b>	<b>\$(5,000)</b>

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

## Fiscal Analysis

### ASSUMPTIONS:

1. This bill is effective January 1, 2002; would apply to tax years beginning on or after this date; and would have no impact in fiscal year 2002.
2. This bill provides for a credit against individual income taxes equal to any decrease in value of a historically significant property, including buildings and structures, that results from a contract that places a conservation easement on the property.
3. In addition, taxpayers would be allowed additional credit equal to any amount spent by the owner of the historical property for the preservation of the property, if the preservation efforts are approved as reasonable and necessary by the conservation easement holder. This portion of the credit cannot exceed \$25,000 in any year, and any expenditure in excess of this amount cannot be carried forward.
4. The combined amount of credit allowed cannot exceed \$150,000 in any tax year, and any credit taken cannot exceed the tax liability of the taxpayer (i.e., this is a nonrefundable credit.)
5. Current law provides for a tax credit for qualified rehabilitation expenditures with respect to any certified historic building located in Montana equal to 25% of the federal credit allowed. This credit has been in effect for tax years 1998 and 1999. For tax year 1998, 12 taxpayers claimed a total of \$15,275; for tax year 1999, nine taxpayers claimed a total of \$7,788 in credit.

(continued)

6. It is likely that there are a very limited number of taxpayers who would use this credit in any given year. Because these taxpayers could not use the current credit if they chose to take the new credit provided for in the bill, and because the credit is limited to \$150,000, but in no cases can exceed the taxpayer's actual tax liability, this fiscal note assumes the impact on state general fund revenues to be minimal and not exceed \$5000 in any one year.