



## FISCAL NOTE

### House Bill 253

Committee: Ways and Means Education

Sponsor: Representative Adline Clarke

Analyst: Jennifer Farish

Date: 04/24/2023

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**House Bill 253** as introduced could reduce income tax receipts to the Education Trust Fund (ETF) by up to \$20 million annually beginning in fiscal year 2024 through fiscal year 2028 by increasing the annual cap on the amount of historic rehabilitation tax credits that may be allocated annually from \$20 million, under current law, to \$40 million, as provided by this bill.

Current law caps the cumulative amount of historic tax credits that may be allocated from May 25, 2017 through December 31, 2027 at \$200 million. This bill would (1) sunset this current \$200 million cumulative cap at tax year 2022; and (2) set a new \$200 million cumulative cap on these credits to begin January 1, 2023 and extend through December 31, 2027. According to the Department of Revenue, a total of approximately \$32 million in historic tax credits have been claimed under the current program through tax year 2022.

This bill would also allow these credits to be claimed in the taxable year in which the reservation is allocated to a project, in lieu of the taxable year in which the certified rehabilitation is placed in service, as provided by current law.

Pursuant to the provisions of the ETF Rolling Reserve Act contained in Section 29-9-3(b)(3), Code of Alabama 1975, the provisions of this bill will reduce the ETF fiscal year appropriation cap for fiscal year 2024 by \$20 million.