

93rd Arkansas General Assembly: Historic Rehabilitation Tax Credit Cap Increase (Update)



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The 93rd Arkansas General Assembly convened for regular session on January 11th and is expected to adjourn in the next few days.

House Bill 1555 (“HB 1555”), which would increase the cap for the Arkansas Historic Tax Credit, has been approved by both the House and Senate.

The bill will now be sent to the Governor for his signature.

HB 1555 includes the following provisions:

- Increases the yearly tax credit limit from \$4 million to \$8 million
- Extends the Historic Tax Credit sunset provision from 2027 to 2037
- Allows the Division of Arkansas Heritage to utilize fees it collects under the Arkansas Historic Rehabilitation Income Tax Credit Act to support personnel who administer the program

House Representatives sponsoring the bill include:

- Jett
- Barker
- A. Collins
- Eaves
- Ennett
- Gazaway
- L. Johnson
- McCullough
- Pilkington
- Warren

Senators sponsoring the bill include:

- J. Dismang
- Irvin
- B. Sample
- C. Tucker

In 2009 legislation was enacted by the Arkansas General Assembly allowing Arkansans to claim a portion of their investment in historic properties as a credit on their state income taxes. See Ark. Code Ann. § 26-51-2204. The program is administered by the Arkansas Historic Preservation Program. The objective is to

encourage the rehabilitation of historic properties and foster revitalization efforts in Arkansas's historic downtowns and neighborhoods.

Properties that are listed on the National Register of Historic Places or are listed as "contributing" within a historic district are eligible. Twenty-five percent of the approved rehabilitation expenses on a historic building may be claimed as a tax credit.

Arkansas is one of the 33 states in the United States that offer credits against state taxes to provide incentives for the rehabilitation of historic buildings.

The Quapaw Quarter Association ("QQA") previously stated in support of the HB 1555 that:

Arkansas historic rehabilitation projects have depleted the annual allocation of \$4 million in state historic tax credits the past two fiscal years. In fact, the full allocation of \$4 million was used up on the first day of FY21, and projects are waiting for the FY22 allocation. There is a demonstrated need to increase the annual cap.

QQA also describes the tax credit as stimulating economic development, noting that since 2009 Arkansas has awarded \$21.5 million in tax credits which have resulted in \$224 in private investment.

A copy of HB 1555 as engrossed can be downloaded [here](#).