



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number:	H. 3485	Introduced on January 9, 2019
Author:	Jefferson	
Subject:	Income Tax Credit, Rehabilitation Expenditures for Historic Structures	
Requestor:	House Ways and Means	
RFA Analyst(s):	Jolliff	
Impact Date:	April 9, 2019	

Fiscal Impact Summary

This bill is not expected to impact expenditures for the Department of Archives and History (DAH) as they expect to accomplish the responsibilities with existing staff. This bill will increase Other Funds of DAH by approximately \$987,000 per year to provide grants from the new State Historic Preservation Grant Fund when fully implemented. Other Funds of DAH for purchasing or preserving collections will increase by approximately \$11,880 per year beginning in FY 2019-20 for contributions on the individual income tax form.

Explanation of Fiscal Impact

Introduced on January 9, 2019

State Expenditure

The bill establishes the State Historic Preservation Grant Fund to be administered by DAH. Based upon information from DAH, they expect to process applications and distribute funds with existing staff. Therefore, the bill is not expected to impact state expenditures for the agency.

State Revenue

This bill imposes a fee for a taxpayer claiming a credit pursuant to Section 12-6-3535 for rehabilitation expenses of a historic structure. Taxpayers applying for these tax credits administered by DAH are required to pay a fee, which will be credited to the State Historic Preservation Grant Fund. The preliminary fee is one half of one percent of the estimated qualified rehabilitation expenses or the rehabilitation expenses to be paid before review of a Historic Preservation Certification Application Part 2 or a Certified Rehabilitation Application, S2. The final fee is one percent of the actual qualified rehabilitation expenses or the rehabilitation expenses to be paid before review of an Historic Preservation Certification Application Part 3 or a Certified Rehabilitation Application, S3, less any amount paid as a preliminary fee. All fees obtained will go to the new State Historic Preservation Grant Fund to be distributed as grants. DAH will develop an application process for distribution of funds from the State Historic Preservation Grant Fund to include eligibility criteria and grant requirements. The agency is not currently assessing a fee for taxpayers who apply for these credits and will not retain these fees for operations.

DAH provided data regarding projects that were approved from 2014 to 2018. Based upon the reported rehabilitation expenses, fees under this new requirement would have totaled approximately \$987,000 per year on average. The bill takes effect upon approval by the Governor and applies to income tax years beginning after 2018. DAH has indicated that they do

not expect to charge the fee to projects that have already entered the application process for tax credits. The fee will apply to new projects and would begin in FY 2019-20 as new applications are received. Therefore, this section of the bill would increase Other Funds by approximately \$987,000 per year to be expended for grant projects when fully implemented.

Section 2 of the bill allows an individual income taxpayer to elect to contribute to the Department of Archives and History. Any funds received through this tax return election must be used to purchase or preserve collections with significant historical value to the State. Based upon Department of Revenue data for tax year 2015, a total of 14,677 taxpayers contributed a total of \$189,966 to the existing sixteen income tax elections for an average of \$11,880 per election. Based upon these figures, we estimate that this will increase Other Funds of DAH for purchasing or preserving collections by approximately \$11,880 per year beginning in FY 2019-20.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director