

SB 231-FN - AS AMENDED BY THE SENATE

03/23/2023 1031s

2023 SESSION

23-1009

09/04

SENATE BILL **231-FN**

AN ACT establishing a historic housing tax credit and making appropriations for workforce housing and affordable housing.

SPONSORS: Sen. Innis, Dist 7; Sen. Bradley, Dist 3; Sen. Rosenwald, Dist 13; Sen. Watters, Dist 4; Sen. Birdsell, Dist 19; Sen. Lang, Dist 2; Sen. Chandley, Dist 11; Sen. Prentiss, Dist 5; Sen. Whitley, Dist 15; Sen. Perkins Kwoka, Dist 21; Sen. Soucy, Dist 18; Rep. Alexander Jr., Hills. 29; Rep. S. Gould, Merr. 8

COMMITTEE: Finance

ANALYSIS

This bill establishes a historic housing tax credit; makes appropriations to the department of health and human services to support emergency shelter programs; and makes appropriations to the housing finance authority and the department of business and economic affairs to support workforce housing and affordable housing.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT establishing a historic housing tax credit and making appropriations for workforce housing and affordable housing.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Subdivision; Historic Housing Preservation Tax Credit. Amend RSA 204-C by inserting
2 after section 92 the following new subdivision:

3 Historic Housing Preservation Tax Credit

4 204-C:93 Definitions. As used in this subdivision:

5 I. "Contributor" means an investor providing cash or a pledge to the authority for a project
6 in exchange for a tax credit.

7 II. "Eligible structure" means any historical structure that is intended for residential use
8 and is intended to be income-generating. It includes those currently used as residences and those
9 intended to be converted to residential use. It also includes properties that are or will be primarily
10 used for residential purposes, but that may have other uses that are non-residential. It does not
11 include any property that is or is intended solely to be the private residence of the owner.

12 III. "Historical structure" means that a structure that:

13 (a) Is listed on the National Register of Historic Places or the State Register of Historic
14 Places;

15 (b) Has been determined by the National Park Service to be a certified historic
16 structure;

17 (c) Possesses characteristics that make it eligible for listing on either the National
18 Register of Historic Places or the state register of historic places; or

19 (d) Possesses other historical characteristics that make it worthy of preservation.

20 IV. "Pledge" means a written agreement between the authority and a contributor for the
21 contributor to provide cash contributions in the future.

22 V. "Project" means a plan to rehabilitate a historical structure.

23 204-C:94 Historic Housing Preservation Tax Credit Established.

24 I. The authority shall adopt rules establishing a competitive process for eligible applicants
25 seeking investor contributions for projects.

26 II. Contributions may be made to the authority by investors for specific projects.

27 III. An investment tax credit equal to 65 percent of the contribution made to the authority
28 during the contributor's tax year shall be allowed against any of the following individually or in
29 combination:

30 (a) Taxes imposed by RSA 77-A.

1 (b) Taxes imposed by RSA 77-E.

2 (c) Taxes imposed by RSA 400-A.

3 IV. Credits provided by this section applied against the liabilities imposed by RSA 400-A
4 and RSA 77-E shall be deemed to be taxes paid for the purpose of RSA 77-A:5, III and X,
5 respectively.

6 V. The credit or any unused portion thereof may be carried forward for no more than 5
7 succeeding years, but shall not exceed \$1,000,000 in any given tax year.

8 VI.(a) The credit provided by this section shall be available to contributors on or after
9 contributions for which credit is to be taken are actually received by the authority.

10 (b) Contributions received by the authority for which credit is to be taken shall not
11 exceed \$5,000,000 in any state fiscal year. Contributions received by the authority in excess of
12 \$5,000,000 in any state fiscal year shall not be eligible for credit in such fiscal year but may be
13 carried forward to the next succeeding fiscal year or years and shall be given priority in determining
14 the total contributions eligible for credit in such fiscal year.

15 VII. Estimated tax payments under RSA 400-A:32 due and payable after the date of
16 contribution to the authority may be reduced by the credit allowable under this section.

17 2 Department of Health and Human Services; Homeless and Housing Shelter Program;
18 Appropriations.

19 I. The sum of \$8,000,000 for the biennium ending June 30, 2025 is hereby appropriated to
20 the department of health and human services to support the following:

21 (a) Existing shelter programs with the increased costs to maintain their current bed
22 capacity.

23 (b) Existing and new shelter programs, which shall include use of hotel beds as
24 appropriate), to add bed capacity to the shelter system in New Hampshire.

25 (c) Operation of time-limited winter shelters.

26 II. The sum of \$2,000,000 for the biennium ending June 30, 2025 is hereby appropriated to
27 the department of health and human services to support the following:

28 (a) Housing stabilization services.

29 (b) Eviction prevention.

30 III. The appropriations made in this section shall be in addition to any other funds
31 appropriated to the department. The governor is authorized to draw a warrant for said sums out of
32 any money in the treasury not otherwise appropriated.

33 3 Housing Finance Authority; Affordable Housing Fund; Appropriation. The sum of \$25,000,000
34 for the fiscal year ending June 30, 2023 is hereby appropriated to the housing finance authority for
35 deposit in the affordable housing fund established in RSA 204-C:57 for the purpose of providing
36 financing or state matching funds for affordable housing. This sum shall be in addition to any other

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1 funds appropriated to the housing finance authority. The governor is authorized to draw a warrant
2 for said sum out of any money in the treasury not otherwise appropriated.

3 4 Department of Business and Economic Affairs; Division of Economic Development;
4 Appropriation. The sum of \$30,000,000 for the fiscal year ending June 30, 2023 is hereby
5 appropriated to the department of business and economic affairs, division of economic development
6 for the purpose of improving the ability to accelerate the approval of affordable workforce housing.
7 This sum shall be in addition to any other funds appropriated to the department of business and
8 economic affairs, division of economic development and shall be provided as grants or loans to
9 developments in which at least 20 percent of the housing units to be developed will be affordable for
10 a period of at least 10 years. Such units will be affordable to and intended for occupancy by
11 households with incomes of up to 80 percent of the area median income, as established by the U.S.
12 Department of Housing and Urban Development. The governor is authorized to draw a warrant for
13 said sum out of any money in the treasury not otherwise appropriated.

14 5 New Paragraph; Business Profits Tax; Credits. Amend RSA 77-A:5 by inserting after
15 paragraph XVI the following new paragraph:

16 XVII. The historic housing preservation tax credit as computed in RSA 204-C:94.

17 6 New Section; Business Enterprise Tax; Credits. Amend RSA 77-E by inserting after section 3-
18 e the following new section:

19 77-E:3-f Historic Housing Preservation Tax Credit. The historic housing preservation tax credit
20 as computed in RSA 204-C:94 shall be allowed against the tax due under this chapter.

21 7 Effective Date. This act shall take effect July 1, 2023.

SB 231-FN- FISCAL NOTE
AS INTRODUCED

AN ACT establishing a historic housing tax credit and making appropriations for workforce housing and affordable housing.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2023	FY 2024	FY 2025	FY 2026
Appropriation	\$0	\$65 million	\$0	\$0
Revenue	\$0	Up to \$3.25 million Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	\$65 million		\$0
Funding Source:	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

The Department of Business and Economic Affairs was contacted for a fiscal note worksheet on January 12, 2023, which they have not provided as of February 21, 2023.

METHODOLOGY:

This bill establishes a historic housing tax credit, and makes the following general fund appropriations:

- \$8 million to the Department of Health and Human Services in the FY24/25 biennium, for the purpose of supporting shelter programs;
- \$2 million to the Department of Health and Human Services in the FY24/25 biennium, for the purpose of housing stabilization and eviction prevention;
- \$25 million to the Housing Finance Authority for the purpose of providing financing or state matching funds for affordable housing.
- \$30 million to the Department of Business and Economic Affairs for the FY24/25 biennium for the purpose of improving the ability to accelerate the approval of affordable workforce housing.

The Department of Health and Human Services anticipates it will distribute its appropriation equally across the two years of the biennium, spending \$4 million on shelter services and \$1 million on housing stabilization in each year.

The bill allows for a historic housing tax credit against the Business Profits Tax, Business Enterprise Tax and/or the Insurance Premium Tax. The maximum credit taken in any state

fiscal year shall not exceed 65% of the contributions which are capped at \$5 million each year. Any unused credit may be carried forward for up to 5 years. It is not known if the historic housing tax credit will be used or, if used, how much will be contributed to determine the fiscal impact. However, the maximum impact in FY 2024 will be no more than a \$3.25 million decrease and an indeterminable decrease in FY 2025 and each year thereafter in General Fund and Education Trust Fund revenue, depending on the tax to which the credit is applied.

AGENCIES CONTACTED:

Department of Business and Economic Affairs and Department of Health and Human Services