

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 22, 2019

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB1116 by Lucio (Relating to insurance premium tax credits for the construction or rehabilitation of a supportive housing property.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1116, As Introduced: a negative impact of (\$10,000,000) through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$5,000,000)
2021	(\$5,000,000)
2022	(\$5,000,000)
2023	(\$5,000,000)
2024	(\$5,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Foundation School Fund</i> 193
2020	(\$3,750,000)	(\$1,250,000)
2021	(\$3,750,000)	(\$1,250,000)
2022	(\$3,750,000)	(\$1,250,000)
2023	(\$3,750,000)	(\$1,250,000)
2024	(\$3,750,000)	(\$1,250,000)

Fiscal Analysis

The bill would amend the Insurance Code by adding new Chapter 234, regarding insurance premium tax credits for construction of supportive housing.

The bill would allow an entity to apply to the Texas State Affordable Housing Corporation (corporation) for a certificate of eligibility for certain costs incurred in the construction or rehabilitation of supportive housing.

The entity would forward the certificate of eligibility and certain documentation to the Comptroller and would receive a tax credit for premium tax due under Chapter 222 of the Insurance Code. An entity need not have premium tax liability to receive the credit. An entity could sell or assign the tax credit to any other entity, but only an entity subject to the tax imposed by Chapter 222 could claim the credit.

The total amount of tax credit with respect to the construction or rehabilitation of a single supportive housing property could not exceed 20 percent of the total cost incurred in the construction or rehabilitation.

The total amount of credit that could be claimed by all entities could not exceed \$5 million per fiscal year. An entity could carry unused credits forward for 5 consecutive reports.

The corporation and the Comptroller would adopt rules to implement this chapter.

Methodology

Entities would be eligible for credits for supportive housing property placed in service on or after September 1, 2019.

This analysis assumes that entities would receive certificates of eligibility and claim premium tax credits in the amount of \$5 million in fiscal year 2020 and in every year thereafter.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 454 Department of Insurance

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