

## INVESTMENT TAX CREDIT -- HB1060

### Investing in Arkansas Cities and Towns to Stimulate Economic Development

HB1060 -- To establish an Investment Tax Credit for the Rehabilitation & Development of Central Business Improvement Districts (CBIDs)

#### Purpose

HB1060 promotes investment in central business improvement districts within our towns and Cities across Arkansas which will stimulate economic development by revitalizing these communities' core and generate much needed job growth not only in these downtown areas but throughout the entire city or town.

#### Key Elements

- Maximum amount of investment tax credits to be awarded per fiscal year is \$20,000,000
- Up to \$10,000,000 of tax credits may be awarded to cities/towns with populations of less than 50,000 with the remaining \$10,000,000 to cities/towns with populations of more than 50,000.
- Control of the issuance of eligibility certificates is performed by the CBIDs and tracked annually statewide by the Department of Finance & Administration.
- The Investment Tax Credit is equal to 20% of up to the first \$2,000,000 of qualified rehabilitation or development expenditures incurred for a qualified project.
- Investment Tax Credit may be transferred, sold or assigned.
- Qualified project minimum threshold is \$50,000.
- Any unused ITC may be carried over for seven consecutive taxable years.

#### Economic Benefits

- ✓ \$20,000,000 of ITC generates \$100,000,000 in economic development.
- ✓ Job creation and economic activity well beyond the revenue level of the tax credit.
- ✓ Stimulates the tax base through new sales and payroll taxes as well as an increased tax base for the state, counties and cities/towns.
- ✓ Significant marketing/economic incentive for cities/towns to include in their development packages to attract new businesses to their downtown business areas and beyond. (ex. Hewlett-Packard locating 1,200 jobs to Conway)
- ✓ Stimulates the rehabilitation of existing structures thereby returning them to income producing and taxable status.
- ✓ Spur economic development in areas contiguous to the CBID boundaries.
- ✓ Revitalization of downtowns is a key component in the state's push for higher paying jobs and a more educated populace. Downtowns are going to be the primary place where the economic development of the 21<sup>st</sup> Century will occur.

## Supporting Organizations/Endorsements (as of 3-1-09):

Argenta Community Development Corporation  
Argenta Downtown Council  
Arkansas Association of Convention and Visitors Bureaus  
Arkansas Democrat-Gazette  
--Editorial Page, February 19, 2009; "Help save Arkansas"  
Arkansas Hospitality Association  
Arkansas Municipal League  
Arkansas Realtors Association  
Arkansas River Connection Project Board of Directors  
Arkansas State Chamber of Commerce  
Associated Builders & Contractors- Arkansas Chapter  
Association of General Contractors  
Bentonville - Bella Vista Chamber of Commerce  
City of Conway  
City of Corning  
City of North Little Rock  
City of Wiederkehr Village  
Conway A&P Commission  
Conway Chamber of Commerce  
Conway Development Corporation  
Conway Downtown Partnership  
Corning Chamber of Commerce  
Downtown Bentonville  
Fort Smith CBID  
Fort Smith--City Board of Directors  
Fort Smith--Chamber of Commerce  
Harrison Convention and Visitor's Bureau  
Little Rock Downtown Partnership  
NLR Chamber of Commerce  
NLR Visitors Bureau  
North Little Rock Economic Development Commission  
Ozark Mountain Region Tourism Association  
Pine Bluff Convention and Business Bureau  
Rogers-Lowell Area Chamber of Commerce  
Van Buren A&P Commission  
Van Buren Chamber of Commerce  
Western Arkansas Mountain Frontier Regional Tourism Association