

AN ACT

relating to eligible costs and expenses for purposes of the franchise tax credit for the certified rehabilitation of certified historic structures.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 171.901(4), Tax Code, as effective January 1, 2022, is redesignated as Section 171.9015, Tax Code, and amended to read as follows:

Sec. 171.9015. ELIGIBLE COSTS AND EXPENSES. (a) Subject to Subsections (b) and (c), in this subchapter, "eligible [~~(4)~~ ~~Eligible~~] costs and expenses" means qualified rehabilitation expenditures as defined by Section 47(c)(2), Internal Revenue Code.

(b) Except as provided by Subsection (c), the [~~, except that~~ ~~the~~] depreciation and tax-exempt use provisions of Section 47(c)(2), Internal Revenue Code, [~~that section~~] do not apply to costs and expenses incurred by an entity exempt from the tax imposed under this chapter by Section 171.063, and those costs and expenses are eligible costs and expenses if the other provisions of Section 47(c)(2), Internal Revenue Code, are satisfied.

(c) Expenditures by an entity described by Subsection (b) to rehabilitate a structure that is leased to a tax-exempt entity in a disqualified lease, as those terms are defined by Section 168(h), Internal Revenue Code, are not eligible costs and expenses.

SECTION 2. The change in law made by this Act to Section

H.B. No. 3777

1 171.901(4), Tax Code, applies only to costs and expenses incurred
2 on or after the effective date of this Act.

3 SECTION 3. This Act takes effect January 1, 2022.

President of the Senate

Speaker of the House

I certify that H.B. No. 3777 was passed by the House on May 5, 2021, by the following vote: Yeas 88, Nays 54, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3777 was passed by the Senate on May 22, 2021, by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor