

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**February 24, 2017**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB550** by Campbell (Relating to the sale or assignment of tax credits for the certified rehabilitation of certified historic structures.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding provisions relating to the tax credit for rehabilitation of historic structures. Under current law an entity that earns a tax credit for undertaking the rehabilitation of a historic structure may sell or transfer all or part of the credit to one or more entities that are subject to the franchise tax. This bill would extend the type of entities that could purchase and use the credit to those subject to premium taxes under the Insurance Code. The provisions for the franchise tax relating to the amount of credit that may be claimed, carryforward of the credit, and sale or assignment of the credit would apply to an entity subject to the premium tax that purchases a credit. An entity subject to the premium tax would not be required to pay additional retaliatory tax under the Insurance Code as a result of claiming a credit.

Provisions of the bill are not expected to increase the total amount credit earned from rehabilitation of historic structures and hence would have no effect on net state revenues. If an entity made eligible to purchase credits under the bill used the credit to offset insurance premium tax liability instead of franchise tax liability, the revenue loss would shift from the Property Tax Relief Fund to the General Revenue Fund and the Foundation School Fund. However, the net effect on revenue available for certification would be zero.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD