

By: Noble, Guillen

H.B. No. 3777

A BILL TO BE ENTITLED

AN ACT

1
2 relating to eligible costs and expenses for purposes of the
3 franchise tax credit for the certified rehabilitation of certified
4 historic structures.

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

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

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

13 (b) Except as provided by Subsection (c), the [~~, except that~~
14 ~~the]~~ depreciation and tax-exempt use provisions of Section

15 47(c)(2), Internal Revenue Code, [~~that section]~~ do not apply to
16 costs and expenses incurred by an entity exempt from the tax imposed
17 under this chapter by Section 171.063, and those costs and expenses
18 are eligible costs and expenses if the other provisions of Section
19 47(c)(2), Internal Revenue Code, are satisfied.

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

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

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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.