

1-1 By: Noble, Guillen (Senate Sponsor - Nelson) H.B. No. 3777  
 1-2 (In the Senate - Received from the House May 5, 2021;  
 1-3 May 10, 2021, read first time and referred to Committee on Finance;  
 1-4 May 19, 2021, reported favorably by the following vote: Yeas 12,  
 1-5 Nays 1; May 19, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Nelson	X			
1-8 Lucio	X			
1-9 Bettencourt	X			
1-10 Buckingham	X			
1-11 Campbell		X		
1-12 Creighton	X			
1-13 Hancock			X	
1-14 Huffman	X			
1-15 Kolkhorst			X	
1-16 Nichols	X			
1-17 Perry	X			
1-18 Schwertner	X			
1-19 Taylor	X			
1-20 West	X			
1-21 Whitmire	X			

1-23 A BILL TO BE ENTITLED  
 1-24 AN ACT

1-25 relating to eligible costs and expenses for purposes of the  
 1-26 franchise tax credit for the certified rehabilitation of certified  
 1-27 historic structures.

1-28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-29 SECTION 1. Section 171.901(4), Tax Code, as effective  
 1-30 January 1, 2022, is redesignated as Section 171.9015, Tax Code, and  
 1-31 amended to read as follows:

1-32 Sec. 171.9015. ELIGIBLE COSTS AND EXPENSES. (a) Subject to  
 1-33 Subsections (b) and (c), in this subchapter, "eligible [~~(4)~~  
 1-34 ~~"Eligible]~~ costs and expenses" means qualified rehabilitation  
 1-35 expenditures as defined by Section 47(c)(2), Internal Revenue Code.

1-36 (b) Except as provided by Subsection (c), the [~~except that~~  
 1-37 ~~the]~~ depreciation and tax-exempt use provisions of Section  
 1-38 47(c)(2), Internal Revenue Code, [~~that section]~~ do not apply to  
 1-39 costs and expenses incurred by an entity exempt from the tax imposed  
 1-40 under this chapter by Section 171.063, and those costs and expenses  
 1-41 are eligible costs and expenses if the other provisions of Section  
 1-42 47(c)(2), Internal Revenue Code, are satisfied.

1-43 (c) Expenditures by an entity described by Subsection (b) to  
 1-44 rehabilitate a structure that is leased to a tax-exempt entity in a  
 1-45 disqualified lease, as those terms are defined by Section 168(h),  
 1-46 Internal Revenue Code, are not eligible costs and expenses.

1-47 SECTION 2. The change in law made by this Act to Section  
 1-48 171.901(4), Tax Code, applies only to costs and expenses incurred  
 1-49 on or after the effective date of this Act.

1-50 SECTION 3. This Act takes effect January 1, 2022.

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