

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 28, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1013 by Hughes (Relating to the franchise and insurance premium tax credit for the certified rehabilitation of certified historic structures.), **As Introduced**

The fiscal implications of the bill cannot be determined due to the unknown number of franchise and insurance premium tax credits that would result from the provisions of bill.

The bill would move Subchapter S (Tax Credit for Certified Rehabilitation of Certified Historic Structures) of Chapter 171, Tax Code to new Chapter 172, Tax Code. The bill modifies the definition of “eligible costs and expenses” to state that the depreciation and tax-exempt use provisions of Section 47(c)(2), Internal Revenue Code, do not apply to costs and expenses incurred by an entity exempted from the federal income tax under Section 501(a), Internal Revenue Code. Previously, this applied only to entities exempt from franchise tax under Section 171.063. Section 501(a) includes more entities than Section 171.063.

The provision regarding entities exempt under Section 501(a), Internal Revenue Code, could result in more structures qualifying for historic structure credits. The Texas Historical Commission does not anticipate an influx of new types of entities applying for the credit. However, the additional franchise and insurance premium tax credits resulting from the provision cannot be determined at this time.

The bill would take effect on September 1, 2023.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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