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H.B. No. 4044

A BILL TO BE ENTITLED

AN ACT

relating to certain expenditures by public institutions of higher education and university systems that are eligible for certain tax credits.

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

SECTION 1. (a) Section 172.102(b), Tax Code, is amended to read as follows:

(b) Except as provided by Subsection (c), 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, or by an institution of higher education or university system as defined by Section 61.003, Education Code, and those costs and expenses are eligible costs and expenses if the other provisions of Section 47(c)(2), Internal Revenue Code, are satisfied.

(b) Effective January 1, 2035, Section 172.102(b), Tax Code, is amended to read as follows:

(b) Except as provided by Subsection (c), 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, and those costs and expenses are eligible costs and expenses if the other provisions of Section 47(c)(2), Internal

1 Revenue Code, are satisfied.

2 SECTION 2. (a) Section 172.102(b), Tax Code, as amended by
3 Section 1(a) of this Act, applies only to costs and expenses
4 incurred on or after the effective date of this Act.

5 (b) Section 172.102(b), Tax Code, as amended by Section 1(b)
6 of this Act, applies only to costs and expenses incurred on or after
7 January 1, 2035.

8 SECTION 3. This Act takes effect January 1, 2026.