

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 5, 2025

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4044** by Meyer (Relating to certain expenditures by public institutions of higher education and university systems that are eligible for certain tax credits.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4044, As Introduced: a negative impact of (\$3,360,000) through the biennium ending August 31, 2027.

**Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$640,000) for the 2026-27 biennium. Any loss to the Property Tax Relief Fund must be made up with an equal amount of General Revenue to fund the Foundation School Program.**

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$1,680,000)
2027	(\$1,680,000)
2028	(\$1,680,000)
2029	(\$1,680,000)
2030	(\$1,680,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue (Loss) from General Revenue Fund</i>	<i>Probable Revenue (Loss) from Foundation School Fund</i>	<i>Probable Revenue (Loss) from Property Tax Relief Fund</i>
	<b>1</b>	<b>193</b>	<b>304</b>
2026	(\$1,260,000)	(\$420,000)	(\$320,000)
2027	(\$1,260,000)	(\$420,000)	(\$320,000)
2028	(\$1,260,000)	(\$420,000)	(\$320,000)
2029	(\$1,260,000)	(\$420,000)	(\$320,000)
2030	(\$1,260,000)	(\$420,000)	(\$320,000)

Fiscal Analysis

The bill would amend the Tax Credit for Certified Rehabilitation of Certified Historic Structures to add that the depreciation and tax-exempt use provisions of Section 47(c)(2), of the Internal Revenue Code (Qualified Rehabilitation Expenditure Defined) do not apply to the costs and expenses incurred by institutions of higher education or university systems, as defined. The provisions of this bill apply only to costs and expenses incurred by institutions of higher education or universities systems on or after January 1, 2026. The provisions of this bill regarding higher education or university systems are no longer applicable after January 1, 2035.

The bill would take effect January 1, 2026.

### **Methodology**

Regarding certain credits allowed under the Texas franchise and insurance premium taxes, this bill exempts institutions of higher education and university systems from the depreciation and tax-exempt use provisions of Section 47(c)(2), of the Internal Revenue Code regarding eligible costs and expenses incurred in the rehabilitation of historic structures. The result is expansion of types of entities whose historic structure expenses generate transferable tax credits.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:** JMc, KK, SD