By: Moody H.B. No. 572

A BILL TO BE ENTITLED

AN ACT

relating to the franchise and insurance premium tax credit for the certified rehabilitation of certified historic structures located in certain counties.

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

SECTION 1. Sections 172.105(a) and (b), Tax Code, are amended to read as follows:

(a) Before claiming, selling, or assigning a credit under this chapter, the entity that incurred the eligible costs and expenses in the rehabilitation of a certified historic structure must request from the commission a certificate of eligibility on which the commission certifies that the work performed meets the definition of a certified rehabilitation. The entity must include with the entity's request:

(1) information on the property that is sufficient for the commission to determine whether:

(A) the property meets the definition of a certified historic structure; and

(B) if applicable, the property is located in a distressed county as determined under Section 172.106(a-2); and

(2) information on the rehabilitation, and photographs before and after work is performed, sufficient for the commission to determine whether the rehabilitation meets the United States secretary of the interior's Standards for Rehabilitation as

defined in 36 C.F.R. Section 67.7.

(b) The commission shall issue a certificate of eligibility to an entity that has incurred eligible costs and expenses as provided by this chapter. The certificate must:

(1) confirm that:

(A) the property to which the eligible costs and expenses relate is:

(i) a certified historic structure; and

(ii) if applicable, located in a distressed county as determined under Section 172.106(a-2); and

(B) the rehabilitation qualifies as a certified rehabilitation; and

(2) specify the date the certified historic structure was first placed in service after the rehabilitation.

SECTION 2. Section 172.106, Tax Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) Except as provided by Subsection (a-1), the [~~The~~] total amount of the credit under this chapter with respect to the rehabilitation of a single certified historic structure that may be claimed may not exceed 25 percent of the total eligible costs and expenses incurred in the certified rehabilitation of the certified historic structure.

(a-1) The total amount of the credit under this chapter that may be claimed with respect to the rehabilitation of a single certified historic structure may not exceed 33 percent of the total eligible costs and expenses incurred in the certified

rehabilitation of the certified historic structure if:

(1) the structure is located in a distressed county; and

(2) on the date the structure is placed in service, at least 50 percent of the internal square footage of the structure consists of space primarily dedicated to residential purposes, including dwelling units and space used for circulation among dwelling units, lobbies, and other support areas serving residential purposes.

(a-2) For purposes of Subsection (a-1), a certified historic structure is located in a distressed county if, on January 1 of the year an entity requests that the commission determine whether the structure is a certified historic structure under Section 172.105, the structure is located in a county with a median household income of not more than 80 percent of the median household income of this state. For purposes of this subsection, the median household income of a county or this state is determined using the United States Census Bureau's most recent American Community Survey's five-year estimate of median household income for the county or this state, as applicable.

SECTION 3. (a) The changes in law made by this Act apply only to:

(1) a tax report due on or after the effective date of this Act; and

(2) a certified rehabilitation of a certified historic structure for which a certificate of eligibility is issued to an entity by the Texas Historical Commission under Section 172.105,

Tax Code, on or after the effective date of this Act, regardless of the date the entity submitted the request to the commission for the certificate.

(b) Notwithstanding Section 172.105, Tax Code, as amended by this Act, an entity that submitted a request to the Texas Historical Commission for a certificate of eligibility under that section before the effective date of this Act and that has not received the certificate before that date may certify in writing to the commission that the certified historic structure to which the request relates was located in a distressed county, as determined under Section 172.106(a-2), Tax Code, as added by this Act, on the date the entity submitted a request to the commission for a determination that the structure was a certified historic structure. The Texas Historical Commission shall:

(1) verify the information certified by the entity; and

(2) if the information certified by the entity is correct, indicate on the certificate of eligibility issued to the entity that the certified historic structure is located in a distressed county.

SECTION 4. This Act takes effect January 1, 2028.