

BILL ANALYSIS

H.B. 3230
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recently enacted legislation created a credit against the franchise tax based on the qualified costs of a certified rehabilitation of certain historic structures. According to interested parties, the Texas credit is patterned after a federal historic tax credit, but unlike the federal credit it may be earned by any property owner and is freely transferable. The Texas legislation referred to a section of the federal Internal Revenue Code to define "eligible costs and expenses" which, read broadly, has the effect of excluding rehabilitation costs incurred by nonprofits, frustrating the intent of the legislature. H.B. 3230 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3230 amends the Tax Code to make the depreciation and tax-exempt use provisions of the section in the federal Internal Revenue Code on which the definition of "eligible costs and expenses" is based, for purposes of the franchise tax credit for the rehabilitation of certified historic structures, inapplicable to costs and expenses incurred by a corporation exempt from the franchise tax based on the corporation's certain exemption from federal income tax. The bill establishes that those costs and expenses are eligible costs and expenses if the other provisions of that section of the Internal Revenue Code are satisfied.

EFFECTIVE DATE

January 1, 2016.