

BILL ANALYSIS

Senate Research Center
84R13839 TJB-F

H.B. 3230
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Finance
5/17/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 500 (Hilderbran et al.; SP: Hegar), 83rd Legislature, Regular Session, 2013, 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.

H.B. 3230 amends current law relating to the determination of eligible costs and expenses for purposes of the franchise tax credit for the rehabilitation of historic structures.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 171.901(4), Tax Code, to define "eligible costs and expenses" to mean qualified rehabilitation expenditures as defined by Section 47(c)(2), Internal Revenue Code, except that the depreciation and tax-exempt use provisions of that section do not apply to costs and expenses incurred by an entity exempt from the tax imposed under this chapter by Section 171.063 (Exemption-Nonprofit Corporation Exempt From Federal Income Tax), and those costs and expenses are eligible costs and expenses if the other provisions of Section 47(c)(2), Internal Revenue Code, are satisfied.

SECTION 2. Provides that this Act applies only to a report originally due on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2016.