

BILL ANALYSIS

H.B. 4326
By: Hefner
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Historic Preservation Tax Credit Program provides a tax credit worth 25 percent of the eligible rehabilitation costs for certain historic buildings. This program is often used in combination with a similar federal program for potential overall savings of 45 percent on the eligible costs of restoring these historic buildings. The state tax credit can be taken against either of two state business taxes, the franchise tax or applicable insurance premium taxes. Because this credit is only in law under provisions governing the franchise tax, there is concern that if the franchise tax were ever repealed, this tax credit would be repealed as well. H.B. 4326 seeks to ensure that even if the franchise tax is repealed the state historic preservation tax credit remains in place by setting out provisions related to this credit in the Insurance Code to apply specifically to certain insurance premium taxes.

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 rulemaking authority is expressly granted to the Texas Historical Commission and the comptroller of public accounts in SECTION 1 of this bill.

ANALYSIS

H.B. 4326 repeals Tax Code provisions allowing all or part of a franchise tax credit awarded under the Texas Historic Preservation Tax Credit Program to be claimed against the following state insurance premium taxes:

- the property and casualty insurance premium tax;
- the life, health, and accident insurance premium tax;
- the title insurance premium tax; and
- the reciprocal and interinsurance exchange premium tax.

H.B. 4326 amends the Insurance Code to establish in law instead a separate credit against these premium taxes for an entity that engages in historic preservation that would qualify the entity for the aforementioned franchise tax credit on a structure that is placed in service on or after September 1, 2021. The bill establishes provisions governing this credit that are substantively the same as those governing the franchise tax credit and clarifies that an entity may not receive both credits for the same eligible costs and expenses. The bill requires the Texas Historical Commission and the comptroller of public accounts to adopt rules necessary to implement these provisions.

H.B. 4326 repeals Section 171.908(e), Tax Code.

EFFECTIVE DATE

January 1, 2022.