

177<sup>th</sup> CONGRESS

## S.10

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### IN THE SENATE OF THE UNITED STATES

MAY 21, 2024

Introduced by Sen. Pluribus

IN THE HOUSE: Mr. Lockhart, Ms. Kallis, Mr. Morales, Mr. Wood

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## A BILL

To amend the Internal Revenue Code of 1986 to improve the historic rehabilitation tax credit, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE

(a) This Act may be cited as the ‘Historic Rehabilitation Tax Credit Improvement Act of 2024.’

### SEC. 2. INCREASE IN THE REHABILITATION CREDIT FOR CERTAIN SMALL PROJECTS.

(a) IN GENERAL.—Section 47 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(e) SPECIAL RULE REGARDING CERTAIN SMALL PROJECTS.—

“(1) IN GENERAL.—In the case of any qualified rehabilitated building or portion thereof—

“(A) which is placed in service after the date of the enactment of this subsection, and

“(B) which is a small project,

subsection (a)(2) shall be applied by substituting ‘30 percent’ for ‘20 percent’.

“(2) MAXIMUM CREDIT.—The credit under this section (after application of this subsection) with respect to any project for all taxable years shall not exceed \$750,000.

“(3) SMALL PROJECT.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘small project’ means any certified historic structure or portion thereof if—

“(i) the total qualified rehabilitation expenditures taken into account for purposes of this section with respect to the rehabilitation do not exceed \$3,750,000, and

“(ii) no credit was allowed under this section for either of the two immediately preceding taxable years with respect to such building.

“(B) PROGRESS EXPENDITURES.—Credit allowable by reason of subsection (d) shall not be taken into account under subparagraph (A)(ii).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to periods after the date of the enactment of this Act, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

**SEC. 3. INCREASING THE TYPE OF BUILDINGS ELIGIBLE FOR REHABILITATION.**

(a) **IN GENERAL.**—Section 47(c)(1)(B)(i)(I) of the Internal Revenue Code of 1986 is amended by inserting “50 percent of” before “the adjusted basis”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2022.

**SEC. 4. ELIMINATION OF REHABILITATION CREDIT BASIS ADJUSTMENT.**

(a) **IN GENERAL.**—Section 50(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(6) **EXCEPTION FOR REHABILITATION CREDIT.**—In the case of the rehabilitation credit, paragraph (1) shall not apply.”.

(b) **TREATMENT IN CASE OF CREDIT ALLOWED TO LESSEE.**—Section 50(d) of such Code is amended by adding at the end the following: “In the case of the rehabilitation credit, paragraph (5)(B) of the section 48(d) referred to in paragraph (5) of this subsection shall not apply.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

**SEC. 5. MODIFICATIONS REGARDING CERTAIN TAX-EXEMPT USE PROPERTY.**

(a) **IN GENERAL.**—Section 47(c)(2)(B)(v) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subclause:

“(III) **DISQUALIFIED LEASE RULES TO APPLY ONLY IN CASE OF GOVERNMENT ENTITY.**—For purposes of subclause (I), except in the case of a tax-exempt entity described in section 168(h)(2)(A)(i), the determination of whether property is tax-exempt use property shall be made under section 168(h) without regard to

whether the property is leased in a disqualified lease (as defined in section 168(h)(1)(B)(ii)).”.

(b) *EFFECTIVE DATE.*—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.