

119TH CONGRESS
1ST SESSION

H. R. 2941

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2025

Mr. LAHOOD (for himself and Mr. SUOZZI) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Historic Tax Credit
5 Growth and Opportunity Act of 2025”.

6 **SEC. 2. FULL CREDIT ALLOWED IN THE YEAR BUILDING**
7 **PLACED IN SERVICE.**

8 (a) IN GENERAL.—Section 47(a) of the Internal Rev-
9 enue Code of 1986 is amended to read as follows:

1 “(a) GENERAL RULE.—For purposes of section 46,
2 the rehabilitation credit for any taxable year is 20 percent
3 of the qualified rehabilitation expenditures.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to property placed in service after
6 December 31, 2023.

7 **SEC. 3. INCREASE IN THE REHABILITATION CREDIT FOR**
8 **CERTAIN SMALL PROJECTS.**

9 (a) IN GENERAL.—Section 47 of the Internal Rev-
10 enue Code of 1986 is amended by adding at the end the
11 following new subsection:

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

14 “(1) IN GENERAL.—In the case of any quali-
15 fying small project with respect to which there is an
16 election in effect under this subsection—

17 “(A) the total qualified rehabilitation ex-
18 penditures taken into account for purposes of
19 this section with respect to the rehabilitation
20 shall not exceed \$3,750,000,

21 “(B) subsection (a) shall be applied by
22 substituting ‘30 percent’ for ‘20 percent’, and

23 “(C) subject to paragraph (4) and such
24 regulations or other guidance as the Secretary
25 may provide, the taxpayer may transfer all or

1 a portion of the credit determined under this
2 section with respect to such qualifying small
3 project.

4 “(2) QUALIFYING SMALL PROJECT.—For pur-
5 poses of this subsection, the term ‘qualifying small
6 project’ means any qualified rehabilitated building or
7 portion thereof if—

8 “(A) such building is placed in service
9 after the date of the enactment of this sub-
10 section, and

11 “(B) no credit was allowed under this sec-
12 tion (other than a credits allowed by reason of
13 subsection (d)) for either of the two imme-
14 diately preceding taxable years with respect to
15 such building.

16 “(3) SPECIAL RULE FOR RURAL PROJECTS.—

17 “(A) IN GENERAL.—In the case of any
18 qualifying small project in a rural area, para-
19 graph (1)(A) shall be applied by substituting
20 ‘\$5,000,000’ for ‘\$3,750,000’.

21 “(B) RURAL AREA.—For purposes of this
22 subparagraph, the term ‘rural area’ means any
23 area other than—

“(i) a city or town that has a population of greater than 50,000 inhabitants, or

“(ii) the urbanized area contiguous and adjacent to a city or town described in clause (i), as defined by the Bureau of the Census based on the latest decennial census of the United States.

“(4) TRANSFER OF CREDIT FOR QUALIFYING SMALL PROJECTS.—

“(A) CERTIFICATION.—

“(i) IN GENERAL.—A transfer under paragraph (1)(C) shall be accompanied by a certificate which includes—

“(I) the certification for the certified historic structure referred to in subsection (c)(3),

“(II) the taxpayer’s name, address, tax identification number, date of project completion, and the amount of credit being transferred,

“(III) the transferee’s name, address, tax identification number, and the amount of credit being transferred, and

1 “(IV) such other information as
2 may be required by the Secretary.

3 “(ii) TRANSFERABILITY OF CERTIFI-
4 CATE.—A certificate issued under this sub-
5 section to a taxpayer shall be transferable
6 to any other taxpayer.

7 “(B) TAX TREATMENT RELATING TO CER-
8 TIFICATE.—

9 “(i) DISALLOWANCE OF DEDUC-
10 TION.—No deduction shall be allowed for
11 the amount of consideration paid or in-
12 curred by the transferee.

13 “(ii) ALLOWANCE OF CREDIT.—The
14 amount of credit transferred under para-
15 graph (1)(C)—

16 “(I) shall not be allowed to the
17 transferor for any taxable year, and

18 “(II) shall be allowable to the
19 transferee as a credit determined
20 under this section for the taxable year
21 of the transferee in which such credit
22 is transferred.

23 “(iii) EXCLUSION.—Gross income
24 shall not include any amount received in

1 connection with the transfer of the certifi-
2 cate.

3 “(C) RECAPTURE AND OTHER SPECIAL
4 RULES.—The taxpayer who claims a credit de-
5 termined under this section by reason of a
6 transfer of an amount of credit under para-
7 graph (1)(A) with respect to an applicable rural
8 project shall be treated as the taxpayer with re-
9 spect to such project for purposes of section 50.

10 “(D) INFORMATION REPORTING.—The
11 transferor and the transferee shall each make
12 such reports regarding the transfer of an
13 amount of credit under paragraph (1)(C) and
14 containing such information as the Secretary
15 may require. The reports required by this sub-
16 paragraph shall be filed at such time and in
17 such manner as may be required by the Sec-
18 retary.

19 “(E) REGULATIONS.—The Secretary shall
20 prescribe regulations or other guidance to carry
21 out paragraph (1)(C) and this paragraph in a
22 manner which is consistent with applicable re-
23 quirements with respect to transfer of credits
24 under section 6418.

1 “(5) ELECTION.—An election under this sub-
 2 section shall be made at such time and in such man-
 3 ner as the Secretary may by regulations prescribe.”.

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

7 **SEC. 4. INCREASING THE TYPE OF BUILDINGS ELIGIBLE**
 8 **FOR REHABILITATION.**

9 (a) IN GENERAL.—Section 47(c)(1)(B)(i)(I) of the
 10 Internal Revenue Code of 1986 is amended by inserting
 11 “50 percent of” before “the adjusted basis”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 subsection (a) shall apply to property placed in service
 14 after the date of the enactment of this Act.

15 **SEC. 5. ELIMINATION OF REHABILITATION CREDIT BASIS**
 16 **ADJUSTMENT.**

17 (a) IN GENERAL.—Section 50(c) of the Internal Rev-
 18 enue Code of 1986 is amended by adding at the end the
 19 following new paragraph:

20 “(6) EXCEPTION FOR REHABILITATION CRED-
 21 IT.—In the case of the rehabilitation credit, para-
 22 graph (1) shall not apply.”.

23 (b) TREATMENT IN CASE OF CREDIT ALLOWED TO
 24 LESSEE.—Section 50(d) of such Code is amended by add-
 25 ing at the end the following: “In the case of the rehabilita-

1 tion credit, paragraph (5)(B) of the section 48(d) referred
 2 to in paragraph (5) of this subsection shall not apply.”.

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

6 **SEC. 6. MODIFICATIONS REGARDING CERTAIN TAX-EXEMPT**
 7 **USE PROPERTY.**

8 (a) IN GENERAL.—Section 47(c)(2)(B)(v) of the In-
 9 ternal Revenue Code of 1986 is amended by adding at the
 10 end the following new subclause:

11 “(III) DISQUALIFIED LEASE
 12 RULES TO APPLY ONLY IN CASE OF
 13 GOVERNMENT ENTITY.—For purposes
 14 of subclause (I), except in the case of
 15 a tax-exempt entity described in sec-
 16 tion 168(h)(2)(A)(i), the determina-
 17 tion of whether property is tax-exempt
 18 use property shall be made under sec-
 19 tion 168(h) without regard to whether
 20 the property is leased in a disqualified
 21 lease (as defined in section
 22 168(h)(1)(B)(ii)).”.

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

