

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

Mr. CASSIDY (for himself and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on

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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.

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—

1                   “(i) a city or town that has a popu-  
2                   lation of greater than 50,000 inhabitants,  
3                   or

4                   “(ii) the urbanized area contiguous  
5                   and adjacent to a city or town described in  
6                   clause (i), as defined by the Bureau of the  
7                   Census based on the latest decennial cen-  
8                   sus of the United States.

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

11                  “(A) CERTIFICATION.—

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

15                         “(I) the certification for the cer-  
16                         tified historic structure referred to in  
17                         subsection (c)(3),

18                         “(II) the taxpayer’s name, ad-  
19                         dress, tax identification number, date  
20                         of project completion, and the amount  
21                         of credit being transferred,

22                         “(III) the transferee’s name, ad-  
23                         dress, tax identification number, and  
24                         the amount of credit being trans-  
25                         ferred, and



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)).”.

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