

**First Regular Session  
Seventy-Seventh General Assembly  
STATE OF SAN ANDREAS**

**ENGROSSED**

LLS NO. 26-0742.02 Ava Sanchez x3824

**SENATE BILL 26-005**

---

**SENATE SPONSORSHIP**

**Garcia, Kent**

**HOUSE SPONSORSHIP**

**Medrano, Suarez**

---

**House Committees**

Not assigned

**Senate Committees**

Economic Development, Labor & Commerce

---

**A BILL FOR AN ACT**

CONCERNING INCENTIVES FOR THE PRESERVATION AND MAINTENANCE OF HISTORIC PROPERTIES, AND, IN CONNECTION THEREWITH, PROVIDING TAX BENEFITS, A TIERED HOMESTEAD-STYLE EXEMPTION, ASSESSMENT PROTECTIONS, AND GRANTS TO PROPERTY OWNERS.

---

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <https://saleg.uscgov.com>)*

This bill establishes a comprehensive set of financial incentives to support the preservation, rehabilitation, and long-term maintenance of historic properties across the state. This bill creates a property tax credit equal to twenty-five percent of qualified

Shading denotes HOUSE amendment. Underlining denotes SENATE amendment.

*Capital letters or bold & italic numbers indicate new material to be added to existing law.*

*Dashes through the words or numbers indicate deletions from existing law.*

rehabilitation expenses, establishes a grant program to assist with preservation costs, and provides protections against increased property tax assessments resulting from approved rehabilitation work. These measures are intended to reduce the financial burden associated with maintaining historic properties while encouraging investment in culturally and architecturally significant structures.

The bill also creates a tiered homestead-style property tax exemption for owner-occupied historic properties, with increased benefits for low- and moderate-income households and properties located in rural or underserved areas. In addition, the bill establishes a property tax assessment freeze for qualifying seniors who have long occupied historic homes, ensuring stability for residents on fixed incomes. Together, these provisions promote equitable access to preservation incentives, support long-term homeownership, and help ensure that historic properties are maintained for future generations.

---

1 ***Be it enacted by the General Assembly of the State of San***  
2 ***Andreas:***  
3 **SECTION 1. SHORT TITLE.** This act shall be referred to as the  
4 “Historic Property Preservation Incentive Act.” **SECTION 2.**  
5 **LEGISLATIVE DECLARATION.** The general assembly hereby  
6 finds and declares that: (a) Historic properties are an essential part  
7 of the state’s cultural heritage and economic vitality; (b) The  
8 preservation of such properties promotes tourism, community  
9 identity, and sustainable land use; (c) The cost of maintaining  
10 historic properties, particularly for owner-occupants and seniors  
11 on fixed incomes, can be substantial; (d) Targeted tax relief and  
12 financial incentives can ensure the continued preservation of  
13 historic resources; and (e) It is therefore necessary to establish a  
14 comprehensive system of incentives to support historic property  
15 owners. **SECTION 3. DEFINITIONS.** For the purposes of this  
16 act, unless the context otherwise requires: (a) “Historic property”  
17 means any building, structure, or site that is: (I) Listed on the  
18 State Register of Historic Properties; or (II) Designated as a  
19 historic landmark by a local government. (b) “Qualified

1 rehabilitation” means repairs, alterations, or improvements that:  
2 (I) Preserve the historic character of the property; and (II) Comply  
3 with standards established by the ~~state historic preservation office~~  
4 state historical society. (c) “Owner-occupied historic property”  
5 means a historic property that serves as the primary residence of  
6 the owner for at least ~~nine~~ six months of each calendar year. (d)  
7 “Qualified senior” means a property owner who: (I) Is sixty-five  
8 years of age or older; and (II) Has occupied the property as a  
9 primary residence for at least ten consecutive years. (e)  
10 “Household income” means the combined income of all persons  
11 residing in the residence, as determined by rule. **SECTION 4.**  
12 **PROPERTY TAX CREDIT FOR REHABILITATION.** (a) An  
13 owner of a historic property who completes a qualified  
14 rehabilitation is eligible for a property tax credit. ~~(b) The credit~~  
15 ~~shall be equal to twenty-five thirty percent of qualified~~  
16 ~~rehabilitation expenses, not to exceed fifty thousand dollars per~~  
17 ~~property over a five-year period.~~ (b) THE CREDIT SHALL BE  
18 EQUAL TO FIFTEEN PERCENT OF QUALIFIED  
19 REHABILITATION EXPENSES, NOT TO EXCEED  
20 TWENTY-FIVE THOUSAND DOLLARS PER PROPERTY  
21 OVER A TEN-YEAR PERIOD. (c) The credit may be carried  
22 forward for up to ~~five~~ ten years. (d) To qualify, the owner shall  
23 ~~maintain the property~~ Demonstrate maintenance of the property in  
24 accordance with preservation standards for at least five years  
25 following completion. (e) Recapture Provision. If a property  
26 receiving benefits under this act is demolished or altered in a  
27 manner that destroys its historic character within ten years of  
28 receiving such benefits, the owner shall be liable for the  
29 repayment of all tax credits, exemptions, and grants received, plus  
30 interest at the statutory rate. **SECTION 5. TIERED HISTORIC**  
31 **HOMESTEAD EXEMPTION.** (a) For property tax purposes, an  
32 owner-occupied historic property is eligible for an exemption  
33 from taxation based on the following tiers: (I) Standard Tier: Fifty

1 thousand dollars of actual value exempted for all qualifying  
2 properties. (II) Moderate-Income Tier: Seventy-five thousand  
3 dollars of actual value exempted if household income is below  
4 one hundred twenty percent of the area median income. (III)  
5 Low-Income or Rural Tier: One hundred thousand dollars of  
6 actual value exempted if: (A) Household income is below eighty  
7 percent of the area median income; or (B) The property is located  
8 in a rural or underserved area as defined by rule. (b) An owner  
9 must: (I) Occupy the property as a primary residence; (II)  
10 Maintain the property in accordance with preservation standards;  
11 and (III) Apply and provide income verification as required. (c)  
12 The exemption shall be in addition to any other homestead  
13 exemption; however, total exemptions shall not exceed fifty  
14 percent of the property's actual value. (d) The department shall  
15 annually adjust income thresholds based on updated area median  
16 income data. **SECTION 6. SENIOR HISTORIC PROPERTY**  
17 **TAX FREEZE.** (a) The assessed value of a historic property  
18 owned and occupied by a qualified senior shall be frozen at the  
19 level established in the first year the owner qualifies. (b) The  
20 freeze shall remain in effect so long as the owner: (I) Continues to  
21 occupy the property as a primary residence; and (II) Maintains  
22 compliance with preservation standards. (c) The freeze shall  
23 transfer to a surviving spouse who is at least sixty years of age  
24 and continues to occupy the property. (d) The freeze shall not  
25 apply to: (I) New construction or additions that increase square  
26 footage increase the footprint of the building; or (II)  
27 Improvements not related to historic preservation. (e) A property  
28 receiving a freeze shall remain eligible for the exemption under  
29 section 5; however, the frozen value shall be applied prior to  
30 calculating any exemption. **SECTION 7. ASSESSMENT**  
31 **PROTECTION FOR REHABILITATION.** (a) The assessed value  
32 of a historic property shall not increase as a direct result of  
33 qualified rehabilitation for a period of ten years. (b) This section

1 ~~does not apply to additions or non-preservation improvements.~~  
2 SECTION 7. ASSESSMENT LIMITATION. THE ASSESSED  
3 VALUE OF A HISTORIC PROPERTY MAY NOT INCREASE  
4 BY MORE THAN THREE PERCENT ANNUALLY AS A  
5 DIRECT RESULT OF QUALIFIED REHABILITATION. THIS  
6 LIMITATION EXPIRES FIVE YEARS AFTER THE  
7 COMPLETION OF THE REHABILITATION. SECTION 8.  
8 HISTORIC PRESERVATION GRANT PROGRAM. (a) There is  
9 created in the department of local affairs the historic preservation  
10 grant program. (b) The program shall provide grants for qualified  
11 rehabilitation of historic properties. (c) Grants shall not exceed  
12 one hundred thousand dollars per project and shall require a  
13 minimum twenty percent matching contribution. ~~(d) Priority shall~~  
14 ~~be given to properties at risk of deterioration, properties of~~  
15 ~~significant public visibility and properties located in rural or~~  
16 ~~underserved communities.~~ (d) PRIORITY SHALL BE GIVEN  
17 TO PROPERTIES OF RISK OF DETERIORATION OR OF  
18 HIGH CULTURAL OR ARCHITECTURAL SIGNIFICANCE  
19 LOCATED IN RURAL OR UNDERSERVED COMMUNITIES.  
20 **SECTION 9. MAINTENANCE AND COMPLIANCE.** (a) An  
21 owner receiving benefits under this act shall maintain the property  
22 in good condition consistent with preservation standards. (b)  
23 Failure to comply may result in: (I) Revocation of benefits; and  
24 (II) Repayment of any tax credits or grant funds received.  
25 **SECTION 10. RULEMAKING AUTHORITY.** The state historic  
26 preservation office shall promulgate rules necessary to implement  
27 this act. **SECTION 11. SEVERABILITY.** If any provision of this  
28 act is held invalid, such invalidity does not affect other provisions.  
29 **SECTION 12. EFFECTIVE DATE.** Act subject to petition –  
30 effective date. This act takes effect on August 18, 2026, and shall  
31 apply to property tax years commencing on or after said date,  
32 assuming the general assembly adjourns sine die on May 18,  
33 2026; except that, if a veto petition is filed pursuant to Article II,

1 Section 15 of the state constitution against this act or an item,  
2 section, or part of this act within such period, then the act, item,  
3 section, or part will not take effect unless approved by the people  
4 at the general election to be held in November 2026 and, in such  
5 case, will take effect on the date of the official declaration of the  
6 vote thereon by the governor.