

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

**REVISED**

LLS NO. 26-0742.03 Ava Sanchez x3824

**SENATE BILL 26-005**

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**SENATE SPONSORSHIP**

**Garcia, Kent**

**HOUSE SPONSORSHIP**

**Medrano, Suarez**

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**House Committees**

Finance & Revenue

**Senate Committees**

Economic Development, Labor & Commerce

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**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.

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**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.

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**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 historical society. (c)  
4 “Owner-occupied historic property” means a historic property that  
5 serves as the primary residence of the owner for at least six  
6 months of each calendar year. (d) “Qualified senior” means a  
7 property owner who: (I) Is sixty-five years of age or older; and  
8 (II) Has occupied the property as a primary residence for at least  
9 ~~ten~~ SEVEN consecutive years. (e) “Household income” means the  
10 combined income of all persons residing in the residence, as  
11 determined by rule. **SECTION 4. PROPERTY TAX CREDIT**  
12 **FOR REHABILITATION.** (a) An owner of a historic property  
13 who completes a qualified rehabilitation is eligible for a property  
14 tax credit. (b) the credit shall be equal to fifteen percent of  
15 qualified rehabilitation expenses, not to exceed twenty-five  
16 thousand dollars per property over a ten-year period. (c) The  
17 credit may be carried forward for up to ten years. (d) To qualify,  
18 the owner shall demonstrate maintenance of the property in  
19 accordance with preservation standards for at least five years  
20 following completion. (e) Recapture Provision. If a property  
21 receiving benefits under this act is demolished or altered in a  
22 manner that destroys its historic character within ten years of  
23 receiving such benefits, the owner shall be liable for the  
24 repayment of all tax credits, exemptions, and grants received, plus  
25 interest at the statutory rate. **SECTION 5. TIERED HISTORIC**  
26 **HOMESTEAD EXEMPTION.** (a) For property tax purposes, an  
27 owner-occupied historic property is eligible for an exemption  
28 from taxation based on the following tiers: (I) Standard Tier: ~~Fifty~~  
29 ~~SIXTY~~ thousand dollars of actual value exempted for all  
30 qualifying properties. (II) Moderate-Income Tier: Seventy-five  
31 thousand dollars of actual value exempted if household income is  
32 below ~~one hundred twenty percent~~ ONE HUNDRED PERCENT  
33 of the area median income. (III) Low-Income or Rural Tier: One

1 hundred thousand dollars of actual value exempted if: (A)  
2 Household income is below eighty percent of the area median  
3 income; or (B) The property is located in a rural or underserved  
4 area as defined by rule. (b) An owner must: (I) Occupy the  
5 property as a primary residence; (II) Maintain the property in  
6 accordance with preservation standards; and (III) Apply and  
7 provide income verification as required. (c) The exemption shall  
8 be in addition to any other homestead exemption; however, total  
9 exemptions shall not exceed fifty percent of the property's actual  
10 value. (d) The department shall annually adjust income thresholds  
11 based on updated area median income data. **SECTION 6.**  
12 **SENIOR HISTORIC PROPERTY TAX FREEZE.** (a) The  
13 assessed value of a historic property owned and occupied by a  
14 qualified senior shall be frozen at the level established in the first  
15 year the owner qualifies. (b) The freeze shall remain in effect so  
16 long as the owner: (I) Continues to occupy the property as a  
17 primary residence; and (II) Maintains compliance with  
18 preservation standards. (c) The freeze shall transfer to a surviving  
19 spouse who is at least ~~sixty~~ FIFTY-FIVE years of age and  
20 continues to occupy the property. (d) The freeze shall not apply  
21 to: (I) New construction or additions that increase the footprint of  
22 the building; or (II) Improvements not related to historic  
23 preservation. For the purposes of this subsection, 'improvements'  
24 shall not include the installation of energy-efficient windows or  
25 doors that match the historic aesthetic. (e) A property receiving a  
26 freeze shall remain eligible for the exemption under section 5;  
27 however, the frozen value shall be applied prior to calculating any  
28 exemption. **SECTION 7. ASSESSMENT LIMITATION.** The  
29 assessed value of a historic property may not increase by more  
30 than three percent annually as a direct result of qualified  
31 rehabilitation. this limitation expires five years after the  
32 completion of the rehabilitation. **SECTION 8. HISTORIC**  
33 **PRESERVATION GRANT PROGRAM.** (a) There is created in

1 the department of local affairs the historic preservation grant  
2 program. (b) The program shall provide grants for qualified  
3 rehabilitation of historic properties. ~~(c) Grants shall not exceed~~  
4 ~~one hundred thousand dollars per project and shall require a~~  
5 ~~minimum twenty percent matching contribution.~~ (c) Grants shall  
6 not exceed SEVENTY-FIVE thousand dollars per project and  
7 shall require a minimum TWENTY-FIVE percent matching  
8 contribution. ~~(d) priority shall be given to properties of risk of~~  
9 ~~deterioration or of high cultural or architectural significance~~  
10 ~~located in rural or underserved communities.~~ (d) PRIORITY  
11 SHALL BE GIVEN TO PROPERTIES AT RISK OF  
12 DETERIORATION THAT SERVE A CLEAR PUBLIC OR  
13 COMMUNITY PURPOSE. **SECTION 9. MAINTENANCE**  
14 AND COMPLIANCE. (a) An owner receiving benefits under this  
15 act shall maintain the property in good condition consistent with  
16 preservation standards. (b) Failure to comply may result in: (I)  
17 Revocation of benefits; and (II) Repayment of any tax credits or  
18 grant funds received. **SECTION 10. RULEMAKING**  
19 AUTHORITY. The state historic preservation office, and the  
20 department of revenue shall promulgate rules necessary to  
21 implement this act. **SECTION 11. SEVERABILITY.** If any  
22 provision of this act is held invalid, such invalidity does not affect  
23 other provisions. **SECTION 12. EFFECTIVE DATE.** Act subject  
24 to petition – effective date. This act takes effect on August 18,  
25 2026, and shall apply to property tax years commencing on or  
26 after said date, assuming the general assembly adjourns sine die  
27 on May 18, 2026; except that, if a veto petition is filed pursuant to  
28 Article II, Section 15 of the state constitution against this act or an  
29 item, section, or part of this act within such period, then the act,  
30 item, section, or part will not take effect unless approved by the  
31 people at the general election to be held in November 2026 and, in  
32 such case, will take effect on the date of the official declaration of  
33 the vote thereon by the governor.

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