

By: Hunter

H.B. No. 5

A BILL TO BE ENTITLED

AN ACT

relating to agreements to create jobs and to generate state and local tax revenue for this state.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 403, Government Code, is amended by adding Subchapter S to read as follows:

Subchapter S. AGREEMENTS TO CREATE JOBS AND TO GENERATE STATE AND LOCAL REVENUE

Sec. 403.6005. PURPOSES. The purposes of this subchapter are to:

(1) create new, high-paying permanent jobs and construction jobs in this state;

(2) encourage financially beneficial economic development in this state;

(3) provide a temporary and limited competitive economic incentive for attracting to this state large-scale manufacturing projects that, in the absence of this subchapter, would likely locate in another state or nation;

(4) strengthen the security and resource independence of this state and nation by encouraging infrastructure development;

(5) promote the relocation of offshore manufacturing facilities to this state;

(6) make this state a national and international leader in new and innovative technologies;

1 (7) encourage the establishment of advanced
2 manufacturing industry sectors critical to national defense and
3 security;

4 (8) create new wealth, raise personal income, and
5 foster long-term expansion of state and local tax bases; and

6 (9) provide growing and sustainable economic
7 opportunity for the citizens of this state.

8 Sec. 403.601. DEFINITIONS. In this subchapter:

9 (1) "Agreement" means a written agreement between the
10 owner of a new investment project and a school district in this
11 state.

12 (2) "New investment project" means the construction
13 and operation of new improvements to realty or placement into
14 service in this state new tangible personal property that did not
15 exist on the date of the agreement.

16 (3) "Qualified industry" means:

17 (A) manufacturing;

18 (B) critical infrastructure; or

19 (C) national and state security and critical
20 domestic supply chain support.

21 Sec. 403.602. APPLICATION. (a) A person may apply to the
22 school district for approval of an agreement under this subchapter.
23 An application must be made on a form prescribed by the comptroller
24 and contain the following information:

25 (1) the applicant's name, address, Texas taxpayer
26 identification number, and contact information of an authorized
27 representative;

1 (2) the applicant's form of business and, if
2 applicable, the name, address, and Texas taxpayer identification
3 number of the applicant's parent entity;

4 (3) the school district's name and address, the county
5 in which the district is located or the county in which the project
6 is located if the district is in more than one county, and the
7 contact information of the district's authorized representative;

8 (4) the address of the project or proposed facility,
9 if different from the applicant's address;

10 (5) a brief description of the project, including the
11 classification of the project as designated by the North American
12 Industry Classification System as of the date of the application;

13 (6) a brief description of the eligible property for
14 which the applicant is seeking an agreement;

15 (7) the estimated dates of commencement of
16 construction, completion of construction, and commencement of
17 commercial operations of the project;

18 (8) the name and location of the reinvestment zone or
19 enterprise zone in which the project is located;

20 (9) a brief summary of the economic benefits of the
21 project; and

22 (10) the applicant's signature and certification.

23 (b) The application must be accompanied by an application
24 fee payable to the school district.

25 (c) The school district shall forward the application to the
26 comptroller within 30 days of receipt from the applicant.

27 (d) Subject to the confidentiality requirements of Section

1 403.616, the comptroller shall publish the application and the
2 information described by Subsections (b)(2)-(5), and any
3 subsequent revisions of the application or the information on the
4 comptroller's Internet website.

5 Sec. 403.603. ECONOMIC BENEFIT STATEMENT. (a) The
6 applicant shall submit with the application an economic benefit
7 statement containing estimates of the economic and fiscal impacts
8 on the school district and the state for the 25-year period
9 commencing on the date on which the applicant estimates
10 construction of the project will commence.

11 (b) The comptroller shall establish criteria for the
12 methodology of the economic benefit statement submitted by the
13 applicant and may require the applicant to supplement or modify the
14 statement to ensure the accuracy of the estimates listed in
15 Subsection (a).

16 Sec. 403.604. COMPTROLLER RECOMMENDATION OF APPLICATION.
17 (a) The comptroller shall recommend an application for approval by
18 the school district if the comptroller finds that the project
19 provides a net economic or financial benefit to the state.

20 (b) If the comptroller finds that the project does not meet
21 the criteria established by Subsection (a), the comptroller shall
22 not recommend the application for approval.

23 Sec. 403.605. SCHOOL DISTRICT APPROVAL. (a) Within days of
24 receiving a recommendation to approve an application from the
25 comptroller under Section 403.604, the school district shall either
26 approve or disapprove of the agreement.

27 Sec. 403.606. REPORTS BY APPLICANT. The comptroller shall

1 promulgate an online reporting form for applicants to submit to the
2 agency by April 1 of each even-numbered year that reports the
3 following information for each year since the application was
4 approved and for three years after the limitation has expired:

5 (1) the application number, name of the applicant,
6 name of the school district which levies ad valorem taxes on the
7 project, and name and contact information for the applicant's
8 representative;

9 (2) the parcel number of the property subject to the
10 agreement;

11 (3) the total number of jobs created by the project;

12 (4) the total wages paid;

13 (5) the total amount of the investment;

14 (6) the appraised value of all property associated
15 with the project, including property subject to the agreement and
16 any other real or tangible personal property owned by the applicant
17 as part of the project;

18 (7) the taxable value of all property associated with
19 the project, including property subject to the agreement and any
20 other real or tangible personal property owned by the applicant as
21 part of the project, for school district maintenance and operations
22 ad valorem tax purposes;

23 (8) the total amount of school district maintenance
24 and operations ad valorem taxes paid by the applicant;

25 (9) the total amount of school district interest and
26 sinking fund ad valorem taxes paid by the applicant;

27 (10) the total amount for school district ad valorem

1 taxes the applicant would have paid in the absence of an agreement;

2 (11) the total amount of payments other than ad
3 valorem taxes made by the applicant to the school district.

4 Sec. 403.607. REPORTS BY SCHOOL DISTRICT. (a) A school
5 district that levies ad valorem taxes on the project shall submit at
6 its own expense to the comptroller a report not later than April 1
7 of each even-numbered year since the application was approved and
8 for three years after the limitation has expired.

9 (b) The report shall include:

10 (1) the total amount of payments other than ad valorem
11 taxes received from the applicant;

12 (2) the total amount of any other direct or indirect
13 benefits received from the applicant such as in-kind contributions
14 or other financial benefits; and

15 (3) the purposes for which the payments and benefits
16 were used by the school district.

17 (c) The comptroller shall promulgate a form to be used by
18 the school district for purposes of this section.

19 Sec. 403.608. DISTRIBUTION OF SAVINGS FROM THE AGREEMENT.

20 (a) If an application is approved under this subchapter, the
21 applicant shall not later than January 31 of each year of the term
22 of the agreement and as provided by rule:

23 (1) retain the greater percentage of any tax savings
24 resulting from the agreement; and

25 (2) remit the lesser percentage of any tax savings
26 resulting from the agreement to the comptroller.

27 (b) The comptroller shall distribute the funds received

1 under Subsection (a) as provided by rule as follows:

2 (1) the greater percentage of the funds received are
3 payable to the school district that levies ad valorem taxes on the
4 project, to be used solely for direct instructional purposes; and

5 (2) the lesser percentage of the funds received shall
6 be deposited to the credit of the general revenue fund for
7 distribution as specified by a general appropriations act.

8 (c) The applicant shall annually calculate the tax savings
9 from the agreement by multiplying the school district maintenance
10 and operations ad valorem tax rate by the difference between the
11 taxable value in the absence of the agreement and the taxable value
12 as specified by the agreement, as shown on the tax bill received by
13 the applicant from the school district.

14 Sec. 403.609. RULES AND FORMS. The comptroller shall adopt
15 rules and forms necessary for the implementation and administration
16 of this subchapter.

17 SECTION 2. This Act takes effect September 1, 2023.