

By: Landgraf

H.B. No. 4429

A BILL TO BE ENTITLED

AN ACT

relating to certain school district tax abatements for power system reliability projects.

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

SECTION 1. Chapter 312, Tax Code is amended by amending subsection (f) to read as follows:

(f) Except as provided by Subchapter D, [Ø]on or after September 1, 2001, a school district may not enter into a tax abatement agreement under this chapter.

SECTION 2. Section 312.0025, Tax Code, is amended to read as follows:

Sec. 312.0025. DESIGNATION OF REINVESTMENT ZONE BY SCHOOL DISTRICT. (a) Notwithstanding any other provision of this chapter to the contrary, the governing body of a school district, in the manner required for official action and for purposes of Subchapter D of this Chapter, or Subchapter B or C, Chapter 313, may designate an area entirely within the territory of the school district as a reinvestment zone if the governing body finds that, as a result of the designation and the granting of a limitation on appraised value under Subchapter B or C, Chapter 313, for property located in the reinvestment zone, the designation is reasonably likely to:

(1) contribute to the expansion of primary employment in the reinvestment zone; or

(2) attract major investment in the reinvestment zone

1 that would:

2 (A) be a benefit to property in the reinvestment
3 zone and to the school district; and

4 (B) contribute to the economic development of the
5 region of this state in which the school district is located.

6 SECTION 3. Chapter 312, Tax Code, is amended by adding a new
7 Subchapter D to read as follows:

8 SUBCHAPTER D. SCHOOL DISTRICT TAX ABATEMENT FOR POWER SYSTEM
9 RELIABILITY PROJECTS.

10 Section 312.501. DEFINITIONS. In this subchapter, a "power
11 system reliability project" means an improvement to real property:

12 (1) with an appraised value of real tangible personal
13 property of at least \$1 billion first placed in service in this
14 state on or after January 1, 2024, without regard to whether the
15 property is affixed to or incorporated into real property;

16 (2) used to construct and operate a natural gas
17 electric generation facility that provides dispatchable electric
18 power to the ERCOT power region, and requires a Prevention of
19 Significant Deterioration review by the Texas Commission on
20 Environmental Quality for the authorization of an air permit and
21 may include a plant that captures, uses, reuses, or stores carbon
22 dioxide emissions for enhanced oil recovery, sequestration, or
23 other commercial uses; and

24 (3) that is located in a reinvestment zone created by
25 the school district.

26 Section 312.502 ENTITLEMENT TO ABATEMENT (a) The
27 governing body of a school district shall execute a tax abatement

1 agreement with the owner of a power system reliability project to
2 exempt the project from school district maintenance and operation
3 ad valorem taxation the value of any improvements greater than \$30
4 million in appraised value.

5 (b) The abatement period begins on the first date of the tax
6 year the project begins to achieve commercial operation.

7 (c) The duration of an abatement under this subchapter is 10
8 years.

9 Section 312.503. REPORTING. The chief appraiser of
10 each appraisal district with a power system reliability project
11 shall deliver to the comptroller before July 1 of the year
12 following the year in which the agreement was executed a copy of
13 each tax abatement agreement.

14 SECTION 4. Section 403.302, Government Code, is amended to
15 read as follows:

16 (d) For the purposes of this section, "taxable value" means
17 the market value of all taxable property less:

18 (1) the total dollar amount of any residence homestead
19 exemptions lawfully granted under Section 11.13(b) or (c), Tax
20 Code, in the year that is the subject of the study for each school
21 district;

22 (2) one-half of the total dollar amount of any
23 residence homestead exemptions granted under Section 11.13(n), Tax
24 Code, in the year that is the subject of the study for each school
25 district;

26 (3) the total dollar amount of any exemptions granted
27 before May 31, 1993, or after June 1, 2023, within a reinvestment

1 zone under agreements authorized by Chapter 312, Tax Code;

2 (4) subject to Subsection (e), the total dollar amount
3 of any captured appraised value of property that:

4 (A) is within a reinvestment zone created on or
5 before May 31, 1999, or is proposed to be included within the
6 boundaries of a reinvestment zone as the boundaries of the zone and
7 the proposed portion of tax increment paid into the tax increment
8 fund by a school district are described in a written notification
9 provided by the municipality or the board of directors of the zone
10 to the governing bodies of the other taxing units in the manner
11 provided by former Section 311.003(e), Tax Code, before May 31,
12 1999, and within the boundaries of the zone as those boundaries
13 existed on September 1, 1999, including subsequent improvements to
14 the property regardless of when made;

15 (B) generates taxes paid into a tax increment
16 fund created under Chapter 311, Tax Code, under a reinvestment zone
17 financing plan approved under Section 311.011(d), Tax Code, on or
18 before September 1, 1999; and

19 (C) is eligible for tax increment financing under
20 Chapter 311, Tax Code;

21 (5) the total dollar amount of any captured appraised
22 value of property that:

23 (A) is within a reinvestment zone:

24 (i) created on or before December 31, 2008,
25 by a municipality with a population of less than 18,000; and

26 (ii) the project plan for which includes
27 the alteration, remodeling, repair, or reconstruction of a

1 structure that is included on the National Register of Historic
2 Places and requires that a portion of the tax increment of the zone
3 be used for the improvement or construction of related facilities
4 or for affordable housing;

5 (B) generates school district taxes that are paid
6 into a tax increment fund created under Chapter 311, Tax Code; and

7 (C) is eligible for tax increment financing under
8 Chapter 311, Tax Code;

9 (6) the total dollar amount of any exemptions granted
10 under Section 11.251 or 11.253, Tax Code;

11 (7) the difference between the comptroller's estimate
12 of the market value and the productivity value of land that
13 qualifies for appraisal on the basis of its productive capacity,
14 except that the productivity value estimated by the comptroller may
15 not exceed the fair market value of the land;

16 (8) the portion of the appraised value of residence
17 homesteads of individuals who receive a tax limitation under
18 Section 11.26, Tax Code, on which school district taxes are not
19 imposed in the year that is the subject of the study, calculated as
20 if the residence homesteads were appraised at the full value
21 required by law;

22 (9) a portion of the market value of property not
23 otherwise fully taxable by the district at market value because of
24 action required by statute or the constitution of this state, other
25 than Section 11.311, Tax Code, that, if the tax rate adopted by the
26 district is applied to it, produces an amount equal to the
27 difference between the tax that the district would have imposed on

1 the property if the property were fully taxable at market value and
2 the tax that the district is actually authorized to impose on the
3 property, if this subsection does not otherwise require that
4 portion to be deducted;

5 (10) the market value of all tangible personal
6 property, other than manufactured homes, owned by a family or
7 individual and not held or used for the production of income;

8 (11) the appraised value of property the collection of
9 delinquent taxes on which is deferred under Section 33.06, Tax
10 Code;

11 (12) the portion of the appraised value of property
12 the collection of delinquent taxes on which is deferred under
13 Section 33.065, Tax Code;

14 (13) the amount by which the market value of a
15 residence homestead to which Section 23.23, Tax Code, applies
16 exceeds the appraised value of that property as calculated under
17 that section; and

18 (14) the total dollar amount of any exemptions granted
19 under Section 11.35, Tax Code.

20 SECTION 5. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2023.