

By: Sparks

S.B. No. 2153

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, [E]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

1                   (2) attract major investment in the reinvestment  
2 zone that would:

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

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

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

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

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

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

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

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

27           Section 312.502 ENTITLEMENT TO ABATEMENT (a) The governing

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

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

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

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

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

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

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

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

27 (3) the total dollar amount of any exemptions granted

1 before May 31, 1993, or after June 1, 2023, within a reinvestment  
2 zone under agreements authorized by Chapter 312, Tax Code;

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

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

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

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

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

24 (A) is within a reinvestment zone:

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

27 (ii) the project plan for which includes

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

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

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

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

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

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

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

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

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

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

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

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

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

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