

By: Deshotel

H.B. No. 289

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a requirement that jobs created as a condition for
3 receipt of an ad valorem tax abatement or a limitation on the
4 appraised value of property for ad valorem tax purposes be filled by
5 local residents.

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

7 SECTION 1. Section 312.005(a), Tax Code, is amended to read
8 as follows:

9 (a) The comptroller shall maintain a central registry of
10 reinvestment zones designated under this chapter and of ad valorem
11 tax abatement agreements executed under this chapter. The chief
12 appraiser of each appraisal district that appraises property for a
13 taxing unit that has designated a reinvestment zone or executed a
14 tax abatement agreement under this chapter shall deliver to the
15 comptroller before July 1 of the year following the year in which
16 the zone is designated or the agreement is executed a report
17 providing the following information:

18 (1) for a reinvestment zone, a general description of
19 the zone, including its size, the types of property located in it,
20 its duration, and the guidelines and criteria established for the
21 reinvestment zone under Section 312.002, including subsequent
22 amendments and modifications of the guidelines or criteria;

23 (2) a copy of each tax abatement agreement to which a
24 taxing unit that participates in the appraisal district is a party

1 and a statement of whether the agreement is subject to Section
2 312.212 or 312.402(g); and

3 (3) any other information required by the comptroller
4 to administer this section and Subchapter F, Chapter 111.

5 SECTION 2. Subchapter B, Chapter 312, Tax Code, is amended
6 by adding Section 312.212 to read as follows:

7 Sec. 312.212. EMPLOYMENT OF COUNTY RESIDENTS. (a) If a tax
8 abatement agreement entered into on or after September 1, 2005,
9 requires a property owner to create a specified number of new jobs,
10 the owner:

11 (1) must:

12 (A) attempt to fill the jobs to be created by
13 employing residents of the county in which the reinvestment zone is
14 located; and

15 (B) request and is entitled to receive employment
16 assistance services offered by the Texas Workforce Commission in
17 locating residents of the county in which the reinvestment zone is
18 located to fill the jobs to be created; and

19 (2) may not employ a person who is not a resident of
20 the county in which the reinvestment zone is located to fill a job
21 to be created unless the owner is unable with the assistance of the
22 commission to locate a resident of that county to fill that job.

23 (b) Subsection (a) applies to the employment of the persons
24 to initially fill the jobs to be created under a tax abatement
25 agreement as well as to the employment during the term of the
26 agreement of any persons to subsequently fill those jobs.

27 (c) Not later than May 1 of each year, the comptroller shall

1 conduct an audit to determine whether a property owner who is a
2 party to a tax abatement agreement described by Subsection (a) is in
3 compliance with that subsection and shall report the results of the
4 audit in writing to the owner and to the governing body of the
5 taxing unit that is a party to the agreement. The owner shall
6 reimburse the comptroller for the costs incurred by the comptroller
7 in conducting the audit and making the report of the audit. The
8 owner or the taxing unit may protest the comptroller's findings in
9 the audit. If the owner or the taxing unit protests the
10 comptroller's findings, the comptroller shall give notice and hold
11 a hearing at which the owner and the taxing unit may present
12 evidence and oral argument. The comptroller has the burden to prove
13 the accuracy of the audit. Following the hearing, the comptroller
14 shall notify the owner and the taxing unit of the comptroller's
15 decision on the protest. The comptroller shall adopt procedural
16 rules to implement this subsection. Judicial review of the
17 decision on the protest is instituted by filing a petition as
18 provided by Subchapter G, Chapter 2001, Government Code, and is
19 under the substantial evidence rule.

20 (d) If the comptroller determines in an audit under
21 Subsection (c) that a property owner is not in compliance with
22 Subsection (a), the taxing unit that is a party to the agreement may
23 terminate the agreement and bring an action to recapture all or a
24 portion of the property tax revenue lost in the preceding tax year
25 as a result of the agreement.

26 SECTION 3. Section 312.402, Tax Code, is amended by adding
27 Subsection (g) to read as follows:

1 (g) Section 312.212 applies to an agreement made by a county
2 or other taxing unit under this section in the same manner as it
3 applies to an agreement made by a municipality or other taxing unit
4 under Subchapter B.

5 SECTION 4. Subchapter B, Chapter 313, Tax Code, is amended
6 by adding Section 313.032 to read as follows:

7 Sec. 313.032. EMPLOYMENT OF COUNTY RESIDENTS. (a) The
8 owner of qualified property that is subject to an agreement entered
9 into on or after September 1, 2005, implementing a limitation on
10 appraised value under this subchapter:

11 (1) must:

12 (A) attempt to fill the jobs to be created on the
13 property by employing residents of the county in which the property
14 is located; and

15 (B) request and is entitled to receive employment
16 assistance services offered by the Texas Workforce Commission in
17 locating residents of the county in which the property is located to
18 fill the jobs to be created; and

19 (2) may not employ a person who is not a resident of
20 the county in which the property is located to fill a job to be
21 created unless the owner is unable with the assistance of the
22 commission to locate a resident of that county to fill that job.

23 (b) Subsection (a) applies to the employment of the persons
24 to initially fill the jobs to be created under an agreement
25 implementing a limitation on appraised value under this subchapter
26 as well as to the employment during the term of the agreement of any
27 persons to subsequently fill those jobs.

1 (c) Not later than May 1 of each year, the comptroller shall
2 conduct an audit to determine whether a property owner who is a
3 party to an agreement implementing a limitation on appraised value
4 under this subchapter is in compliance with Subsection (a) and
5 shall report the results of the audit in writing to the owner and to
6 the governing body of the school district that is a party to the
7 agreement. The owner shall reimburse the comptroller for the costs
8 incurred by the comptroller in conducting the audit and making the
9 report of the audit. The owner or the school district may protest
10 the comptroller's findings in the audit. If the owner or the school
11 district protests the comptroller's findings, the comptroller
12 shall give notice and hold a hearing at which the owner and the
13 school district may present evidence and oral argument. The
14 comptroller has the burden to prove the accuracy of the audit.
15 Following the hearing, the comptroller shall notify the owner and
16 the school district of the comptroller's decision on the protest.
17 The comptroller shall adopt procedural rules to implement this
18 subsection. Judicial review of the decision on the protest is
19 instituted by filing a petition as provided by Subchapter G,
20 Chapter 2001, Government Code, and is under the substantial
21 evidence rule. The comptroller shall prescribe procedures that
22 require school districts to provide the comptroller with a copy of
23 each agreement implementing a limitation on appraised value under
24 this subchapter and other information the comptroller requires to
25 conduct audits under this subsection.

26 (d) If the comptroller determines in an audit under
27 Subsection (c) that a property owner is not in compliance with

1 Subsection (a), the school district that is a party to the agreement
2 may terminate the agreement and bring an action to recapture the ad
3 valorem tax revenue lost in the preceding tax year as a result of
4 the agreement.

5 SECTION 5. This Act takes effect September 1, 2005.