

## **BILL ANALYSIS**

S.B. 1105  
By: Watson  
Economic Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law allows corporations and limited liability companies that meet certain conditions to apply for and receive a property value limitation. Eligibility for the property value limitation is restricted to projects engaged in one of the following activities: manufacturing, research and development, clean coal projects, gasification projects for coal and biomass mixture, or renewable energy generation.

Data centers are an increasingly important source of high-paying jobs. Companies such as Microsoft, Google, and HSBC have purchased acres of land at considerable cost for new state-of-the-art data centers. For example, in Georgetown, Texas, Citigroup recently purchased 50 acres to construct a 300,000-square foot data center. Total capital investment for this project is estimated at \$450 million with 50 full-time jobs paying an average of \$70,000 per year.

As proposed, S.B. 1105 adds data centers to the list of qualified activities under the Texas Economic Development Act.

### **RULEMAKING AUTHORITY**

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Section 313.024(b), Tax Code, to require the corporation or limited liability company to use the property in connection with certain projects, including a data center, to be eligible for a limitation on appraised value under this subchapter.

SECTION 2. Amends Section 313.024(b), Tax Code, as effective January 1, 2008, to require the entity to use the property in connection with certain projects, including a data center, to be eligible for a limitation on appraised value under this subchapter.

SECTION 3. Amends Section 313.024(e), Tax Code, by adding Subdivision (3) to define "data center."

SECTION 4. Repeals Section 313.007, Tax Code; Subchapter E, Chapter 313, Tax Code; and Subsection (a), Section 16, Chapter 1, Acts of the 79th Legislature, 3rd Called Session, 2006.

SECTION 5. States the effective dates for this Act.

### **EFFECTIVE DATE**

Except as provided by Subsection (b) of this section, this Act takes effect upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

(b) SECTION 2 of this Act takes effect January 1, 2008.