

1-1 By: Eissler, Swinford (Senate Sponsor - Seliger) H.B. No. 1470
1-2 (In the Senate - Received from the House April 27, 2007;
1-3 May 1, 2007, read first time and referred to Committee on Finance;
1-4 May 21, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 11, Nays 0; May 21, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1470 By: Eltife

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the Texas Economic Development Act, including the
1-11 continuation of that Act and tax credits claimed under that Act, and
1-12 to the duties of the comptroller of public accounts and the Texas
1-13 Education Agency under that Act.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Section 313.007, Tax Code, is amended to read as
1-16 follows:

1-17 Sec. 313.007. EXPIRATION. Subchapters B, C, and D expire
1-18 December 31, 2011 [~~2007~~].

1-19 SECTION 2. Section 313.025, Tax Code, is amended by amending
1-20 Subsections (b) and (d) and adding Subsection (b-1) to read as
1-21 follows:

1-22 (b) The governing body of a school district is not required
1-23 to consider an application for a limitation on appraised value that
1-24 is filed with the governing body under Subsection (a). If the
1-25 governing body of the school district does elect to consider an
1-26 application, the governing body shall deliver three copies of the
1-27 application to the comptroller and request that the comptroller
1-28 provide [engage a third person to conduct] an economic impact
1-29 evaluation of the application to [on behalf of] the school
1-30 district. Except as provided by Subsection (b-1), the comptroller
1-31 shall conduct or contract with a third person to conduct the
1-32 evaluation, which shall be completed and provided to the governing
1-33 body of the school district as soon as practicable. The governing
1-34 body shall provide to the comptroller or third person any requested
1-35 information. A methodology to allow comparisons of economic impact
1-36 for different schedules of the addition of qualified investment or
1-37 qualified property may be developed as part of the economic impact
1-38 evaluation. The governing body shall provide a copy of the
1-39 evaluation to the applicant on request. The comptroller may charge
1-40 and collect a fee sufficient to cover the costs of providing the
1-41 economic impact evaluation. The governing body of a school
1-42 district shall [and] approve or disapprove an application before
1-43 the 121st day after the date the application is filed, unless the
1-44 economic impact evaluation has not been received or an extension is
1-45 agreed to by the governing body and the applicant.

1-46 (b-1) The comptroller shall indicate on one copy of the
1-47 application the date the comptroller received the application and
1-48 deliver that copy to the Texas Education Agency. The Texas
1-49 Education Agency shall determine the effect that the applicant's
1-50 proposal will have on the number or size of the school district's
1-51 instructional facilities, as required to be included in the
1-52 economic impact evaluation by Section 313.026(a)(9), and submit a
1-53 written report containing the agency's determination to the
1-54 comptroller. The governing body of the school district shall
1-55 provide any requested information to the Texas Education Agency.
1-56 Not later than the 45th day after the date the application indicates
1-57 that the comptroller received the application, the Texas Education
1-58 Agency shall make the required determination and submit the
1-59 agency's written report to the comptroller. A third person
1-60 contracted by the comptroller to conduct an economic impact
1-61 evaluation of an application is not required to make a
1-62 determination that the Texas Education Agency is required to make
1-63 and report to the comptroller under this subsection.

2-1 (d) ~~[On receipt of an application under this section that~~
2-2 ~~the governing body elects to consider, the school district shall~~
2-3 ~~deliver one copy of the application to the comptroller.]~~ Before the
2-4 61st day after the date the comptroller receives the copy of the
2-5 application ~~[is received], the comptroller[, using the criteria~~
2-6 ~~listed in Section 313.026,]~~ shall submit a recommendation to the
2-7 governing body of the school district as to whether the application
2-8 should be approved or disapproved.

2-9 SECTION 3. Section 313.025, Tax Code, is amended by adding
2-10 Subsection (f-1) to read as follows:

2-11 (f-1) Notwithstanding any other provision of this chapter
2-12 to the contrary, including Section 313.003(2) or 313.004(3)(A) or
2-13 (B)(iii), the governing body of a school district may waive the new
2-14 jobs creation requirement in Section 313.021(2)(A)(iv)(b) or
2-15 313.051(b) and approve an application if the governing body makes a
2-16 finding that the jobs creation requirement exceeds the industry
2-17 standard for the number of employees reasonably necessary for the
2-18 operation of the facility of the property owner that is described in
2-19 the application.

2-20 SECTION 4. Section 313.026, Tax Code, is amended to read as
2-21 follows:

2-22 Sec. 313.026. ECONOMIC IMPACT EVALUATION. (a) The
2-23 economic impact evaluation of the application must include the
2-24 following:

- 2-25 (1) the recommendations of the comptroller;
- 2-26 (2) the relationship between the applicant's industry
2-27 and the types of qualifying jobs to be created by the applicant to
2-28 the long-term economic growth plans of this state as described in
2-29 the strategic plan for economic development submitted by the Texas
2-30 Strategic Economic Development Planning Commission under Section
2-31 481.033, Government Code, as that section existed before February
2-32 1, 1999;

- 2-33 (3) the relative level of the applicant's investment
2-34 per qualifying job to be created by the applicant;

- 2-35 (4) the wages, salaries, and benefits to be offered by
2-36 the applicant to qualifying job holders;

- 2-37 (5) the ability of the applicant to locate or relocate
2-38 in another state or another region of this state;

- 2-39 (6) the impact the added infrastructure will have on
2-40 the region, including:

- 2-41 (A) revenue gains that would be realized by the
2-42 school district; and

- 2-43 (B) subsequent economic effects on the local and
2-44 regional tax bases;

- 2-45 (7) the economic condition of the region of the state
2-46 at the time the person's application is being considered;

- 2-47 (8) the number of new facilities built or expanded in
2-48 the region during the two years preceding the date of the
2-49 application that were eligible to apply for a limitation on
2-50 appraised value under this subchapter; and

- 2-51 (9) the effect of the applicant's proposal, if
2-52 approved, on the number or size of the school district's
2-53 instructional facilities, as defined by Section 46.001, Education
2-54 Code.

2-55 (b) The comptroller's recommendations shall be based on the
2-56 criteria listed in Subsections (a)(2)-(9) and on any other
2-57 information available to the comptroller, including information
2-58 provided by the governing body of the school district under Section
2-59 313.025(b).

2-60 (c) Subsection (b) does not apply to the comptroller's
2-61 recommendations made before December 31, 2007. This subsection
2-62 expires December 31, 2008.

2-63 SECTION 5. Section 313.104, Tax Code, is amended to read as
2-64 follows:

2-65 Sec. 313.104. ACTION ON APPLICATION; GRANT OF CREDIT.
2-66 Before the 90th day after the date the application for a tax credit
2-67 is filed, the governing body of the school district shall:

- 2-68 (1) determine the person's eligibility for a tax
2-69 credit under this subchapter; and

3-1 (2) if the person's application is approved, by order
3-2 or resolution direct the collector of taxes for the school
3-3 district:

3-4 (A) in the second and subsequent six tax years
3-5 that begin after the date the application is approved, to credit
3-6 against the taxes imposed on the qualified property by the district
3-7 in that year an amount equal to one-seventh of the total amount of
3-8 tax credit to which the person is entitled under Section 313.102,
3-9 except that the amount of a credit granted in any of those tax years
3-10 may not exceed 50 percent of the total amount of ad valorem school
3-11 taxes imposed on the qualified property by the school district in
3-12 that tax year; and

3-13 (B) in the first three tax years [~~year~~] that
3-14 begin [~~begins~~] on or after the date the person's eligibility for the
3-15 limitation under Subchapter B or C expires, to credit against the
3-16 taxes imposed on the qualified property by the district an amount
3-17 equal to the portion of the total amount of tax credit to which the
3-18 person is entitled under Section 313.102 that was not credited
3-19 against the person's taxes under Paragraph (A) in a tax year covered
3-20 by Paragraph (A), except that the amount of a tax credit granted
3-21 under this paragraph in any tax year may not exceed the total amount
3-22 of ad valorem school taxes imposed on the qualified property by the
3-23 school district in that tax year.

3-24 SECTION 6. Sections 16(a) and (d), Chapter 1, Acts of the
3-25 79th Legislature, 3rd Called Session, 2006, are repealed.

3-26 SECTION 7. (a) Except as provided by Subsection (b) of this
3-27 section, Sections 313.025 and 313.026, Tax Code, as amended by this
3-28 Act, apply only to an application for a limitation on appraised
3-29 value under Chapter 313 of that code in connection with which the
3-30 governing body of a school district, before December 31, 2007, has
3-31 not engaged a third person to conduct an economic impact
3-32 evaluation. An application for a limitation on appraised value in
3-33 connection with which the governing body of a school district,
3-34 before December 31, 2007, has engaged a third person to conduct an
3-35 economic impact evaluation is governed by the law in effect
3-36 immediately before December 31, 2007, and the former law is
3-37 continued in effect for that purpose.

3-38 (b) Subsection (a) of this section does not apply to Section
3-39 313.025(f-1), Tax Code, as added by this Act.

3-40 (c) The changes in law made by this Act to Section 313.104,
3-41 Tax Code, apply only to an application for a school tax credit under
3-42 Subchapter D, Chapter 313, Tax Code, that is filed on or after the
3-43 effective date provided by Section 8(a) of this Act. An application
3-44 for a school tax credit under Subchapter D, Chapter 313, Tax Code,
3-45 that was filed before that date is governed by the law in effect
3-46 when the application was filed, and the former law is continued in
3-47 effect for that purpose.

3-48 SECTION 8. (a) Except as otherwise provided by Subsection
3-49 (b) of this section, this Act takes effect immediately if it
3-50 receives a vote of two-thirds of all the members elected to each
3-51 house, as provided by Section 39, Article III, Texas Constitution.
3-52 If this Act does not receive the vote necessary for immediate
3-53 effect, this Act takes effect September 1, 2007.

3-54 (b) Section 2 of this Act takes effect December 31, 2007.

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