

SENATE AMENDMENTS

2nd Printing

By: Eissler, Swinford

H.B. No. 1470

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the continuation of the Texas Economic Development Act
3 and to the duties of the comptroller of public accounts and the
4 Texas Education Agency under that Act.

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

6 SECTION 1. Section 313.007, Tax Code, is amended to read as
7 follows:

8 Sec. 313.007. EXPIRATION. Subchapters B, C, and D expire
9 December 31, 2011 [~~2007~~].

10 SECTION 2. Section 313.025, Tax Code, is amended by amending
11 Subsections (b) and (d) and adding Subsections (b-1) and (f-1) to
12 read as follows:

13 (b) The governing body of a school district is not required
14 to consider an application for a limitation on appraised value that
15 is filed with the governing body under Subsection (a). If the
16 governing body of the school district does elect to consider an
17 application, the governing body shall deliver three copies of the
18 application to the comptroller and request that the comptroller
19 provide [~~engage a third person to conduct~~] an economic impact
20 evaluation of the application to [~~on behalf of~~] the school
21 district. Except as provided by Subsection (b-1), the comptroller
22 shall conduct or contract with a third person to conduct the
23 evaluation, which shall be completed and provided to the governing
24 body of the school district as soon as practicable. The governing

1 body shall provide to the comptroller or third person any requested
2 information. A methodology to allow comparisons of economic impact
3 for different schedules of the addition of qualified investment or
4 qualified property may be developed as part of the economic impact
5 evaluation. The governing body shall provide a copy of the
6 evaluation to the applicant on request. The comptroller may charge
7 and collect a fee sufficient to cover the costs of providing the
8 economic impact evaluation. The governing body of a school
9 district shall [~~and~~] approve or disapprove an application before
10 the 121st day after the date the application is filed, unless the
11 economic impact evaluation has not been received or an extension is
12 agreed to by the governing body and the applicant.

13 (b-1) The comptroller shall indicate on one copy of the
14 application the date the comptroller received the application and
15 deliver that copy to the Texas Education Agency. The Texas
16 Education Agency shall determine the effect that the applicant's
17 proposal will have on the number or size of the school district's
18 instructional facilities, as required to be included in the
19 economic impact evaluation by Section 313.026(a)(9), and submit a
20 written report containing the agency's determination to the
21 comptroller. The governing body of the school district shall
22 provide any requested information to the Texas Education Agency.
23 Not later than the 45th day after the date the application indicates
24 that the comptroller received the application, the Texas Education
25 Agency shall make the required determination and submit the
26 agency's written report to the comptroller. A third person
27 contracted by the comptroller to conduct an economic impact

1 evaluation of an application is not required to make a
2 determination that the Texas Education Agency is required to make
3 and report to the comptroller under this subsection.

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

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

21 SECTION 3. Section 313.026, Tax Code, is amended to read as
22 follows:

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

- 26 (1) the recommendations of the comptroller;
27 (2) the relationship between the applicant's industry

1 and the types of qualifying jobs to be created by the applicant to
2 the long-term economic growth plans of this state as described in
3 the strategic plan for economic development submitted by the Texas
4 Strategic Economic Development Planning Commission under Section
5 481.033, Government Code, as that section existed before February
6 1, 1999;

7 (3) the relative level of the applicant's investment
8 per qualifying job to be created by the applicant;

9 (4) the wages, salaries, and benefits to be offered by
10 the applicant to qualifying job holders;

11 (5) the ability of the applicant to locate or relocate
12 in another state or another region of this state;

13 (6) the impact the added infrastructure will have on
14 the region, including:

15 (A) revenue gains that would be realized by the
16 school district; and

17 (B) subsequent economic effects on the local and
18 regional tax bases;

19 (7) the economic condition of the region of the state
20 at the time the person's application is being considered;

21 (8) the number of new facilities built or expanded in
22 the region during the two years preceding the date of the
23 application that were eligible to apply for a limitation on
24 appraised value under this subchapter; and

25 (9) the effect of the applicant's proposal, if
26 approved, on the number or size of the school district's
27 instructional facilities, as defined by Section 46.001, Education

1 Code.

2 (b) The comptroller's recommendations shall be based on the
3 criteria listed in Subsections (a)(2)-(9) and on any other
4 information available to the comptroller, including information
5 provided by the governing body of the school district under Section
6 313.025(b).

7 SECTION 4. Sections 16(a) and (d), Chapter 1, Acts of the
8 79th Legislature, 3rd Called Session, 2006, are repealed.

9 SECTION 5. Sections 313.025 and 313.026, Tax Code, as
10 amended by this Act, apply only to an application for a limitation
11 on appraised value under Chapter 313 of that code in connection with
12 which the governing body of a school district, before the effective
13 date of this Act, has not engaged a third person to conduct an
14 economic impact evaluation. An application for a limitation on
15 appraised value in connection with which the governing body of a
16 school district, before the effective date of this Act, has engaged
17 a third person to conduct an economic impact evaluation is governed
18 by the law in effect immediately before the effective date of this
19 Act, and the former law is continued in effect for that purpose.

20 SECTION 6. 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, 2007.

ADOPTED

MAY 22 2007

Atalay Spaw
Secretary of the Senate

H.B. No. 1470

By: *[Signature]*

Substitute the following for ___B. No. _____:

By: *[Signature]*

C.S. ___B. No. _____

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

(b) The governing body of a school district is not required to consider an application for a limitation on appraised value that is filed with the governing body under Subsection (a). If the governing body of the school district does elect to consider an application, the governing body shall deliver three copies of the application to the comptroller and request that the comptroller provide [~~engage a third person to conduct~~] an economic impact evaluation of the application to [~~on behalf of~~] the school district. Except as provided by Subsection (b-1), the comptroller shall conduct or contract with a third person to conduct the evaluation, which shall be completed and provided to the governing

1 body of the school district as soon as practicable. The governing
2 body shall provide to the comptroller or third person any requested
3 information. A methodology to allow comparisons of economic impact
4 for different schedules of the addition of qualified investment or
5 qualified property may be developed as part of the economic impact
6 evaluation. The governing body shall provide a copy of the
7 evaluation to the applicant on request. The comptroller may charge
8 and collect a fee sufficient to cover the costs of providing the
9 economic impact evaluation. The governing body of a school
10 district shall [~~and~~] approve or disapprove an application before
11 the 121st day after the date the application is filed, unless the
12 economic impact evaluation has not been received or an extension is
13 agreed to by the governing body and the applicant.

14 (b-1) The comptroller shall indicate on one copy of the
15 application the date the comptroller received the application and
16 deliver that copy to the Texas Education Agency. The Texas
17 Education Agency shall determine the effect that the applicant's
18 proposal will have on the number or size of the school district's
19 instructional facilities, as required to be included in the
20 economic impact evaluation by Section 313.026(a)(9), and submit a
21 written report containing the agency's determination to the
22 comptroller. The governing body of the school district shall
23 provide any requested information to the Texas Education Agency.
24 Not later than the 45th day after the date the application indicates
25 that the comptroller received the application, the Texas Education
26 Agency shall make the required determination and submit the
27 agency's written report to the comptroller. A third person

1 contracted by the comptroller to conduct an economic impact
2 evaluation of an application is not required to make a
3 determination that the Texas Education Agency is required to make
4 and report to the comptroller under this subsection.

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

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

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

24 SECTION 4. Section 313.026, Tax Code, is amended to read as
25 follows:

26 Sec. 313.026. ECONOMIC IMPACT EVALUATION. (a) The
27 economic impact evaluation of the application must include the

1 following:

2 (1) the recommendations of the comptroller;

3 (2) the relationship between the applicant's industry
4 and the types of qualifying jobs to be created by the applicant to
5 the long-term economic growth plans of this state as described in
6 the strategic plan for economic development submitted by the Texas
7 Strategic Economic Development Planning Commission under Section
8 481.033, Government Code, as that section existed before February
9 1, 1999;

10 (3) the relative level of the applicant's investment
11 per qualifying job to be created by the applicant;

12 (4) the wages, salaries, and benefits to be offered by
13 the applicant to qualifying job holders;

14 (5) the ability of the applicant to locate or relocate
15 in another state or another region of this state;

16 (6) the impact the added infrastructure will have on
17 the region, including:

18 (A) revenue gains that would be realized by the
19 school district; and

20 (B) subsequent economic effects on the local and
21 regional tax bases;

22 (7) the economic condition of the region of the state
23 at the time the person's application is being considered;

24 (8) the number of new facilities built or expanded in
25 the region during the two years preceding the date of the
26 application that were eligible to apply for a limitation on
27 appraised value under this subchapter; and

1 (9) the effect of the applicant's proposal, if
2 approved, on the number or size of the school district's
3 instructional facilities, as defined by Section 46.001, Education
4 Code.

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

10 (c) Subsection (b) does not apply to the comptroller's
11 recommendations made before December 31, 2007. This subsection
12 expires December 31, 2008.

13 SECTION 5. Section 313.104, Tax Code, is amended to read as
14 follows:

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

18 (1) determine the person's eligibility for a tax
19 credit under this subchapter; and

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

23 (A) in the second and subsequent six tax years
24 that begin after the date the application is approved, to credit
25 against the taxes imposed on the qualified property by the district
26 in that year an amount equal to one-seventh of the total amount of
27 tax credit to which the person is entitled under Section 313.102,

1 except that the amount of a credit granted in any of those tax years
2 may not exceed 50 percent of the total amount of ad valorem school
3 taxes imposed on the qualified property by the school district in
4 that tax year; and

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

16 SECTION 6. Sections 16(a) and (d), Chapter 1, Acts of the
17 79th Legislature, 3rd Called Session, 2006, are repealed.

18 SECTION 7. (a) Except as provided by Subsection (b) of this
19 section, Sections 313.025 and 313.026, Tax Code, as amended by this
20 Act, apply only to an application for a limitation on appraised
21 value under Chapter 313 of that code in connection with which the
22 governing body of a school district, before December 31, 2007, has
23 not engaged a third person to conduct an economic impact
24 evaluation. An application for a limitation on appraised value in
25 connection with which the governing body of a school district,
26 before December 31, 2007, has engaged a third person to conduct an
27 economic impact evaluation is governed by the law in effect

1 immediately before December 31, 2007, and the former law is
2 continued in effect for that purpose.

3 (b) Subsection (a) of this section does not apply to Section
4 313.025(f-1), Tax Code, as added by this Act.

5 (c) The changes in law made by this Act to Section 313.104,
6 Tax Code, apply only to an application for a school tax credit under
7 Subchapter D, Chapter 313, Tax Code, that is filed on or after the
8 effective date provided by Section 8(a) of this Act. An application
9 for a school tax credit under Subchapter D, Chapter 313, Tax Code,
10 that was filed before that date is governed by the law in effect
11 when the application was filed, and the former law is continued in
12 effect for that purpose.

13 SECTION 8. (a) Except as otherwise provided by Subsection
14 (b) of this section, this Act takes effect immediately if it
15 receives a vote of two-thirds of all the members elected to each
16 house, as provided by Section 39, Article III, Texas Constitution.
17 If this Act does not receive the vote necessary for immediate
18 effect, this Act takes effect September 1, 2007.

19 (b) Section 2 of this Act takes effect December 31, 2007.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 21, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1470 by Eissler (Relating to the Texas Economic Development Act, including the continuation of that Act and tax credits claimed under that Act, and to the duties of the comptroller of public accounts and the Texas Education Agency under that Act.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would provide for the continuation of the Texas Economic Development Act under section 313.007, Tax Code, and to the duties of the Comptroller of Public Accounts (CPA) and the Texas Education Agency (TEA) under that Act.

Section 1 of the bill would extend the provisions of Subchapters B and D of Chapter 313, Tax Code, from December 31, 2007 to December 31, 2011. Subchapter B provides a limitation on appraised value for certain property used to create jobs. Subchapter D provides school tax credits for taxes assessed against a property that is eligible for the limitation on appraisal value under Subchapter B.

Section 2 of this bill would amend the process by which school districts obtain an economic evaluation of the impact that granting the limitation on appraisal value would have on the district. School districts would submit an application to the CPA, and the comptroller would conduct or contract with a third person to conduct the evaluation, which would be completed and provided to the governing body of the school district as soon as practicable. The governing body would provide to the comptroller or third person any requested information. A methodology to allow comparisons of economic impact for different schedules of the addition of qualified investment or qualified property may be developed as part of the economic impact evaluation. The governing body would provide a copy of the evaluation to the applicant on request. The comptroller could charge and collect a fee sufficient to cover the costs of providing the economic impact evaluation. The governing body of a school district would approve or disapprove an application before the 121st day after the date the application is filed, unless the economic impact evaluation had not been received or an extension had been agreed to by the governing body and the applicant.

New Subsection (b-1) would require the CPA to provide one copy of the application to TEA. TEA would be required to determine the impact that the added infrastructure will have on the region and the effect that the applicant's proposal will have on the number or size of the school district's instructional facilities, as required to be included in the economic impact evaluation by Sections 313.026(a)(6) and (9), and submit a written report containing the agency's determinations to the comptroller. The governing body of the school district shall provide any requested information to the Texas Education Agency. Not later than the 45th day after the date the application indicates that the comptroller received the application, the Texas Education Agency shall make the required determinations and submit the agency's written report to the comptroller. A third person contracted by the comptroller to conduct an economic impact evaluation of an application is not required to make a determination that the Texas Education Agency is required to make and report to the comptroller under this subsection.

Section 3 of this bill would amend Section 313.026 of the Tax Code, the comptroller's recommendations shall be based on the criteria listed in Subsections (a)(2)-(9) and on any other information available to the comptroller, including information provided by the governing body of the

school district under Section 313.025(b).

The bill would also repeal two Subsections of the Tax Code. The language repealing Section 313.007 would be replaced by new language in this bill. The other subsection repealed would have moved the economic evaluation to TEA effective January 1, 2008.

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

School districts would be required to submit applications to the CPA, which would then conduct or contract to conduct an economic evaluation. School districts currently contract directly for these studies.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JOB, SD, CT

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 2, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1470 by Eissler (Relating to the continuation of the Texas Economic Development Act and to the duties of the comptroller of public accounts and the Texas Education Agency under that Act.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would provide for the continuation of the Texas Economic Development Act under section 313.007, Tax Code, and to the duties of the Comptroller of Public Accounts (CPA) and the Texas Education Agency (TEA) under that Act.

Section 1 of the bill would extend the provisions of Subchapters B and D of Chapter 313, Tax Code, from December 31, 2007 to December 31, 2011. Subchapter B provides a limitation on appraised value for certain property used to create jobs. Subchapter D provides school tax credits for taxes assessed against a property that is eligible for the limitation on appraisal value under Subchapter B.

Section 2 of this bill would amend the process by which school districts obtain an economic evaluation of the impact that granting the limitation on appraisal value would have on the district. School districts would submit an application to the CPA, and the comptroller would conduct or contract with a third person to conduct the evaluation, which would be completed and provided to the governing body of the school district as soon as practicable. The governing body would provide to the comptroller or third person any requested information. A methodology to allow comparisons of economic impact for different schedules of the addition of qualified investment or qualified property may be developed as part of the economic impact evaluation. The governing body would provide a copy of the evaluation to the applicant on request. The comptroller could charge and collect a fee sufficient to cover the costs of providing the economic impact evaluation. The governing body of a school district would approve or disapprove an application before the 121st day after the date the application is filed, unless the economic impact evaluation had not been received or an extension had been agreed to by the governing body and the applicant.

New Subsection (b-1) would require the CPA to provide one copy of the application to TEA. TEA would be required to determine the impact that the added infrastructure will have on the region and the effect that the applicant's proposal will have on the number or size of the school district's instructional facilities, as required to be included in the economic impact evaluation by Sections 313.026(a)(6) and (9), and submit a written report containing the agency's determinations to the comptroller. The governing body of the school district shall provide any requested information to the Texas Education Agency. Not later than the 45th day after the date the application indicates that the comptroller received the application, the Texas Education Agency shall make the required determinations and submit the agency's written report to the comptroller. A third person contracted by the comptroller to conduct an economic impact evaluation of an application is not required to make a determination that the Texas Education Agency is required to make and report to the comptroller under this subsection.

Section 3 of this bill would amend Section 313.026 of the Tax Code, the comptroller's recommendations shall be based on the criteria listed in Subsections (a)(2)-(9) and on any other information available to the comptroller, including information provided by the governing body of the school district under Section

313.025(b).

The bill would also repeal two Subsections of the Tax Code. The language repealing Section 313.007 would be replaced by new language in this bill. The other subsection repealed would have moved the economic evaluation to TEA effective January 1, 2008.

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

School districts would be required to submit applications to the CPA, which would then conduct or contract to conduct an economic evaluation. School districts currently contract directly for these studies.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JOB, SD, CT

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1470 by Eissler (Relating to the continuation of the Texas Economic Development Act and to the duties of the comptroller of public accounts and the Texas Education Agency under that Act.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would provide for the continuation of the Texas Economic Development Act under section 313.007, Tax Code, and to the duties of the Comptroller of Public Accounts (CPA) and the Texas Education Agency (TEA) under that Act.

Section 1 of the bill would extend the provisions of Subchapters B and D of Chapter 313, Tax Code, from December 31, 2007 to December 31, 2011. Subchapter B provides a limitation on appraised value for certain property used to create jobs. Subchapter D provides school tax credits for taxes assessed against a property that is eligible for the limitation on appraisal value under Subchapter B.

Section 2 of this bill would amend the process by which school districts obtain an economic evaluation of the impact that granting the limitation on appraisal value would have on the district. School districts would submit an application to the CPA, and the comptroller would conduct or contract with a third person to conduct the evaluation, which would be completed and provided to the governing body of the school district as soon as practicable. The governing body would provide to the comptroller or third person any requested information. A methodology to allow comparisons of economic impact for different schedules of the addition of qualified investment or qualified property may be developed as part of the economic impact evaluation. The governing body would provide a copy of the evaluation to the applicant on request. The comptroller could charge and collect a fee sufficient to cover the costs of providing the economic impact evaluation. The governing body of a school district would approve or disapprove an application before the 121st day after the date the application is filed, unless the economic impact evaluation had not been received or an extension had been agreed to by the governing body and the applicant.

New Subsection (b-1) would require the CPA to provide one copy of the application to TEA. TEA would be required to determine the impact that the added infrastructure will have on the region and the effect that the applicant's proposal will have on the number or size of the school district's instructional facilities, as required to be included in the economic impact evaluation by Sections 313.026(a)(6) and (9), and submit a written report containing the agency's determinations to the comptroller. The governing body of the school district shall provide any requested information to the Texas Education Agency. Not later than the 45th day after the date the application indicates that the comptroller received the application, the Texas Education Agency shall make the required determinations and submit the agency's written report to the comptroller. A third person contracted by the comptroller to conduct an economic impact evaluation of an application is not required to make a determination that the Texas Education Agency is required to make and report to the comptroller under this subsection.

Section 3 of this bill would amend Section 313.026 of the Tax Code, the comptroller's recommendations shall be based on the criteria listed in Subsections (a)(2)-(9) and on any other information available to the comptroller, including information provided by the governing body of the school district under Section

313.025(b).

The bill would also repeal two Subsections of the Tax Code. The language repealing Section 313.007 would be replaced by new language in this bill. The other subsection repealed would have moved the economic evaluation to TEA effective January 1, 2008.

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

School districts would be required to submit applications to the CPA, which would then conduct or contract to conduct an economic evaluation. School districts currently contract directly for these studies.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JOB, SD, CT



LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1470 by Eissler (Relating to the continuation of the Texas Economic Development Act and to the duties of the comptroller of public accounts and the Texas Education Agency under that Act.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would provide for the continuation of the Texas Economic Development Act under section 313.007, Tax Code, and to the duties of the Comptroller of Public Accounts (CPA) and the Texas Education Agency (TEA) under that Act.

Section 1 of the bill would extend the provisions of Subchapters B and D of Chapter 313, Tax Code, from December 31, 2007 to December 31, 2011. Subchapter B provides a limitation on appraised value for certain property used to create jobs. Subchapter D provides school tax credits for taxes assessed against a property that is eligible for the limitation on appraisal value under Subchapter B.

Section 2 of this bill would amend the process by which school districts obtain an economic evaluation of the impact that granting the limitation on appraisal value would have on the district. School districts would submit an application to the CPA, and the comptroller would conduct or contract with a third person to conduct the evaluation, which would be completed and provided to the governing body of the school district as soon as practicable. The governing body would provide to the comptroller or third person any requested information. A methodology to allow comparisons of economic impact for different schedules of the addition of qualified investment or qualified property may be developed as part of the economic impact evaluation. The governing body would provide a copy of the evaluation to the applicant on request. The comptroller could charge and collect a fee sufficient to cover the costs of providing the economic impact evaluation. The governing body of a school district would approve or disapprove an application before the 121st day after the date the application is filed, unless the economic impact evaluation had not been received or an extension had been agreed to by the governing body and the applicant.

New Subsection (b-1) would require the CPA to provide one copy of the application to TEA. TEA would be required to determine the impact that the added infrastructure will have on the region and the effect that the applicant's proposal will have on the number or size of the school district's instructional facilities, as required to be included in the economic impact evaluation by Sections 313.026(a)(6) and (9), and submit a written report containing the agency's determinations to the comptroller. The governing body of the school district shall provide any requested information to the Texas Education Agency. Not later than the 60th day after the date the application indicates that the comptroller received the application, the Texas Education Agency shall make the required determinations and submit the agency's written report to the comptroller. A third person contracted by the comptroller to conduct an economic impact evaluation of an application is not required to make a determination that the Texas Education Agency is required to make and report to the comptroller under this subsection.

Section 3 of this bill would amend Section 313.026 of the Tax Code, the comptroller's recommendations shall be based on the criteria listed in Subsections (a)(2)-(9) and on any other information available to the comptroller, including information provided by the governing body of the school district under Section

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313.025(b).

The bill would also repeal two Subsections of the Tax Code. The language repealing Section 313.007 would be replaced by new language in this bill. The other subsection repealed would have moved the economic evaluation to TEA effective January 1, 2008.

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

School districts would be required to submit applications to the CPA, which would then conduct or contract to conduct an economic evaluation. School districts currently contract directly for these studies.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JOB, SD, CT

