

## **BILL ANALYSIS**

Senate Research Center  
81R2027 JD-D

S.B. 756  
By: Eltife  
Finance  
4/21/2009  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Economic Development Act (Chapter 313 of the Tax Code) was passed by the Texas Legislature in 2001. It allows school districts to offer school tax credits and an eight-year limitation on the appraised value of property for the maintenance and operations portion of the school property tax. In exchange, the property owner must enter into an agreement with the school district to create a certain number of jobs and build or install property worth a certain amount. Cities and counties have more flexibility with regard to tax abatement agreements, although such agreements cannot exceed 10 years.

The Red River Redevelopment Authority was created in 1997 by the legislature in response to the closure of part of the Red River Army Depot. Today, the Red River Commerce Park exists in Bowie County, consisting of 756 acres. In 2005, the federal Base Realignment and Closure Act resulted in the closure of the Lone Star Ammunition Plant, which will result in approximately 15,000 acres becoming available for redevelopment.

Bowie County, located in the far northeastern corner of Texas, competes with the states of Oklahoma, Arkansas, and Louisiana to attract industry. The authority to offer abatement of school property taxes would assist in economic development efforts. Because the military facility property is federal, it does not currently generate taxes for the city, county, or school district.

As proposed, S.B. 756 allows a school district to enter into a tax abatement agreement with the same terms as cities and counties if the property was part of a closed or realigned military facility, the property was exempt from taxation before being acquired by the incoming industry, and the property is located in the Texas-Louisiana border region. It also limits the length of time that this abatement authority can be utilized, until September 1, 2019.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 312.002, Tax Code, by amending Subsections (f) and (g) and adding Subsections (h) and (i), as follows:

(f) Prohibits a school district, except as provided by Subsection (h), from entering into a tax abatement agreement under this chapter on or after September 1, 2001.

(g) Redefines "taxing unit."

(h) Provides that a school district has the same authority to enter into a tax abatement agreement under this chapter as a taxing unit other than a municipality or county if the property that is the subject of the proposed agreement was part of a military base or other military facility that was realigned or closed, was exempt from property taxation while it was owned by the person from whom the current owner acquired it, and is located in a county in the Texas-Louisiana border region as defined by Section 2056.002 (Strategic Plans), Government Code.

(i) Provides that Subsection (h) expires September 1, 2019. Provides that the expiration of Subsection (h) does not affect the validity of a tax abatement agreement entered into by a school district under Subsection (h) before the expiration of that subsection.

SECTION 2. Amends Section 403.302(d), Government Code, to redefine "taxable value."

SECTION 3. Effective date: upon passage or September 1, 2009.