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H.B. No. 3676

A BILL TO BE ENTITLED

AN ACT

relating to the Texas Economic Development 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, 2015 [~~2011~~].

SECTION 2. Section 313.021, Tax Code, is amended to read as follows:

Sec. 313.021. DEFINITIONS. In this subchapter:

(1) "Qualified investment" means:

(A) tangible personal property that is first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2002, without regard to whether the property is affixed to or incorporated into real property, and that is described as Section 1245 property by Section 1245(a), Internal Revenue Code of 1986;

(B) tangible personal property that is first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2002, without regard to whether the property is affixed to or incorporated into real property, and that is used in connection with the manufacturing, processing, or fabrication in a cleanroom environment of a semiconductor product, without regard to whether the property is

1 actually located in the cleanroom environment, including:

2 (i) integrated systems, fixtures, and
3 piping;

4 (ii) all property necessary or adapted to
5 reduce contamination or to control airflow, temperature, humidity,
6 chemical purity, or other environmental conditions or
7 manufacturing tolerances; and

8 (iii) production equipment and machinery,
9 moveable cleanroom partitions, and cleanroom lighting;

10 (C) tangible personal property that is first
11 placed in service in this state during the applicable qualifying
12 time period that begins on or after January 1, 2002, without regard
13 to whether the property is affixed to or incorporated into real
14 property, and that is used in connection with the operation of a
15 nuclear electric power generation facility, including:

16 (i) property, including pressure vessels,
17 pumps, turbines, generators, and condensers, used to produce
18 nuclear electric power; and

19 (ii) property and systems necessary to
20 control radioactive contamination;

21 (D) tangible personal property that is first
22 placed in service in this state during the applicable qualifying
23 time period that begins on or after January 1, 2002, without regard
24 to whether the property is affixed to or incorporated into real
25 property, and that is used in connection with operating an
26 integrated gasification combined cycle electric generation
27 facility, including:

1 (i) property used to produce electric power
2 by means of a combined combustion turbine and steam turbine
3 application using synthetic gas or another product produced by the
4 gasification of coal or another carbon-based feedstock; or

5 (ii) property used in handling materials to
6 be used as feedstock for gasification or used in the gasification
7 process to produce synthetic gas or another carbon-based feedstock
8 for use in the production of electric power in the manner described
9 by Subparagraph (i); [~~or~~]

10 (E) tangible personal property that is first
11 placed in service in this state during the applicable qualifying
12 time period that begins on or after January 1, 2010, without regard
13 to whether the property is affixed to or incorporated into real
14 property, and that is used in connection with operating an advanced
15 clean energy project, as defined by Section 382.003, Health and
16 Safety Code; or

17 (F) a building or a permanent, nonremovable
18 component of a building that is built or constructed during the
19 applicable qualifying time period that begins on or after January
20 1, 2002, and that houses tangible personal property described by
21 Paragraph (A), (B), (C), [~~or~~] (D), or (E).

22 (2) "Qualified property" means:

23 (A) land:

24 (i) that is located in an area designated as
25 a reinvestment zone under Chapter 311 or 312 or as an enterprise
26 zone under Chapter 2303, Government Code;

27 (ii) on which a person proposes to

1 construct a new building or erect or affix a new improvement that
2 does not exist before the date the person [~~owner~~] applies for a
3 limitation on appraised value under this subchapter;

4 (iii) that is not subject to a tax abatement
5 agreement entered into by a school district under Chapter 312; and

6 (iv) on which, in connection with the new
7 building or new improvement described by Subparagraph (ii), the
8 owner or lessee of, or the holder of another possessory interest in,
9 the land proposes to:

10 (a) make a qualified investment in an
11 amount equal to at least the minimum amount required by Section
12 313.023; and

13 (b) create at least 25 new jobs;

14 (B) the new building or other new improvement
15 described by Paragraph (A)(ii); and

16 (C) tangible personal property that:

17 (i) is not subject to a tax abatement
18 agreement entered into by a school district under Chapter 312; and

19 (ii) except for new equipment described in
20 Section 151.318(q) or (q-1), is first placed in service in the new
21 building or in or on the new improvement described by Paragraph
22 (A)(ii), or on the land on which that new building or new
23 improvement is located, if the personal property is ancillary and
24 necessary to the business conducted in that new building or in or on
25 that new improvement.

26 (3) "Qualifying job" means a permanent full-time job
27 that:

1 (A) requires at least 1,600 hours of work a year;

2 (B) is not transferred from one area in this
3 state to another area in this state;

4 (C) is not created to replace a previous
5 employee;

6 (D) is covered by a group health benefit plan[~~7~~
7 ~~as defined by Section 481.151, Government Code,~~] for which the
8 business offers to pay at least 80 percent of the premiums or other
9 charges assessed for employee-only coverage under the plan,
10 regardless of whether an employee may voluntarily waive the
11 coverage; and

12 (E) pays at least 110 percent of:

13 (i) the county average weekly wage for
14 manufacturing jobs in the county where the job is located; or

15 (ii) the county average weekly wage for all
16 jobs in the county where the job is located, if the property owner
17 creates more than 1,000 jobs in that county.

18 (4) "Qualifying time period" means:

19 (A) the period that begins on the date that a
20 person's application for a limitation on appraised value under this
21 subchapter is approved by the governing body of the school district
22 and ends on December 31 of the second tax year that begins after
23 that date [~~first two tax years that begin on or after the date a~~
24 ~~person's application for a limitation on appraised value under this~~
25 ~~subchapter is approved~~], except as provided by Paragraph (B) or (C)
26 of this subdivision or Section 313.027(h); [~~or~~]

27 (B) in connection with a nuclear electric power

1 generation facility, the first seven tax years that begin on or
2 after the third anniversary of the date the school district
3 approves the property owner's application for a limitation on
4 appraised value under this subchapter, unless a shorter time period
5 is agreed to by the governing body of the school district and the
6 property owner; or

7 (C) in connection with an advanced clean energy
8 project, as defined by Section 382.003, Health and Safety Code, the
9 first five tax years that begin on or after the third anniversary of
10 the date the school district approves the property owner's
11 application for a limitation on appraised value under this
12 subchapter, unless a shorter time period is agreed to by the
13 governing body of the school district and the property owner.

14 (5) "County average weekly wage for manufacturing
15 jobs" means:

16 (A) the average weekly wage in a county for
17 manufacturing jobs during the most recent four quarterly periods
18 for which data is available at the time a person submits an
19 application for a limitation on appraised value under this
20 subchapter, as computed by the Texas Workforce Commission; or

21 (B) the average weekly wage for manufacturing
22 jobs in the region designated for the regional planning commission,
23 council of governments, or similar regional planning agency created
24 under Chapter 391, Local Government Code, in which the county is
25 located during the most recent four quarterly periods for which
26 data is available at the time a person submits an application for a
27 limitation on appraised value under this subchapter, as computed by

1 the Texas Workforce Commission.

2 SECTION 3. Section 313.024(b), Tax Code, is amended to read
3 as follows:

4 (b) To be eligible for a limitation on appraised value under
5 this subchapter, the entity must use the property in connection
6 with:

7 (1) manufacturing;

8 (2) research and development;

9 (3) a clean coal project, as defined by Section 5.001,
10 Water Code;

11 (4) an advanced clean energy project, as defined by
12 Section 382.003, Health and Safety Code;

13 (5) renewable energy electric generation;

14 (6) electric power generation using integrated
15 gasification combined cycle technology; ~~or~~

16 (7) nuclear electric power generation; or

17 (8) a computer center primarily used in connection
18 with one or more activities described by Subdivisions (1) through
19 (7) conducted by the entity.

20 SECTION 4. Section 313.024(e), Tax Code, is amended by
21 amending Subdivision (1) and adding Subdivisions (5) and (6) to
22 read as follows:

23 (1) "Manufacturing" means an establishment primarily
24 engaged in activities described in sectors 31-33 of the 2007 North
25 American Industry Classification System [~~and "research and~~
26 ~~development" have the meanings assigned by Section 171.751].~~

27 (5) "Research and development" means an establishment

1 primarily engaged in activities described in category 541710 of the
2 2002 North American Industry Classification System.

3 (6) "Computer center" means an establishment
4 primarily engaged in providing electronic data processing and
5 information storage.

6 SECTION 5. Section 313.025, Tax Code, is amended by
7 amending Subsections (a), (b), and (d) and adding Subsections
8 (a-1), (d-1), (h), and (i) to read as follows:

9 (a) The owner or lessee of, or the holder of another
10 possessory interest in, any qualified property described by Section
11 313.021(2)(A), (B), or (C) may apply to the governing body of the
12 school district in which the property is located for a limitation on
13 the appraised value for school district maintenance and operations
14 ad valorem tax purposes of the person's qualified property. An
15 application must be made on the form prescribed by the comptroller
16 and include the information required by the comptroller, and it
17 must be accompanied by:

18 (1) the application fee established by the governing
19 body of the school district;

20 (2) information sufficient to show that the real and
21 personal property identified in the application as qualified
22 property meets the applicable criteria established by Section
23 313.021(2); and

24 (3) information relating to each applicable criterion
25 listed in Section 313.026.

26 (a-1) Within seven days of the receipt of each document, the
27 school district shall submit to the comptroller a copy of the

1 application and the agreement between the applicant and the school
2 district. If an economic analysis of the proposed project is
3 submitted to the school district, the district shall submit a copy
4 of the analysis to the comptroller. In addition, the school
5 district shall submit to the comptroller any subsequent revision of
6 or amendment to any of those documents within seven days of its
7 receipt. The comptroller shall publish each document received from
8 the school district under this subsection on the comptroller's
9 Internet website. If the school district maintains a generally
10 accessible Internet website, the district shall provide on its
11 website a link to the location of those documents posted on the
12 comptroller's website in compliance with this subsection. This
13 subsection does not require the comptroller to post information
14 that is confidential under Section 313.028.

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

1 economic impact for different schedules of the addition of
2 qualified investment or qualified property may be developed as part
3 of the economic impact evaluation. The governing body shall
4 provide a copy of the evaluation to the applicant on request. The
5 comptroller may charge and collect a fee sufficient to cover the
6 costs of providing the economic impact evaluation. The governing
7 body of a school district shall approve or disapprove an
8 application before the 151st [~~121st~~] day after the date the
9 application is filed, unless the economic impact evaluation has not
10 been received or an extension is agreed to by the governing body and
11 the applicant.

12 (d) Before the 91st [~~61st~~] day after the date the
13 comptroller receives the copy of the application, the comptroller
14 shall submit a recommendation to the governing body of the school
15 district as to whether the application should be approved or
16 disapproved.

17 (d-1) The governing body of a school district may approve an
18 application that the comptroller has recommended should be
19 disapproved only if:

20 (1) the governing body holds a public hearing the sole
21 purpose of which is to consider the application and the
22 comptroller's recommendation; and

23 (2) at a subsequent meeting of the governing body held
24 after the date of the public hearing, at least two-thirds of the
25 members of the governing body vote to approve the application.

26 (h) After receiving a copy of the application, the
27 comptroller shall determine whether the property meets the

1 requirements of Section 313.024 for eligibility for a limitation on
2 appraised value under this subchapter. The comptroller shall
3 notify the governing body of the school district of the
4 comptroller's determination and provide the applicant an
5 opportunity for a hearing before the determination becomes final.
6 A hearing under this subsection is a contested case hearing and
7 shall be conducted by the State Office of Administrative Hearings
8 in the manner provided by Section 2003.101, Government Code. The
9 applicant has the burden of proof on each issue in the hearing. The
10 applicant may seek judicial review of the comptroller's
11 determination in a Travis County district court under the
12 substantial evidence rule as provided by Subchapter G, Chapter
13 2001, Government Code.

14 (i) If the comptroller's determination under Subsection (h)
15 that the property does not meet the requirements of Section 313.024
16 for eligibility for a limitation on appraised value under this
17 subchapter becomes final, the comptroller is not required to
18 provide an economic impact evaluation of the application or to
19 submit a recommendation to the school district as to whether the
20 application should be approved or disapproved, and the governing
21 body of the school district may not grant the application.

22 SECTION 6. Sections 313.026(a) and (b), Tax Code, are
23 amended to read as follows:

24 (a) The economic impact evaluation of the application must
25 include the following:

26 (1) the recommendations of the comptroller;

27 (2) the name of the school district;

1 (3) the name of the applicant;

2 (4) the general nature of the applicant's investment;

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

10 (6) [~~(3)~~] the relative level of the applicant's
11 investment per qualifying job to be created by the applicant;

12 (7) the number of qualifying jobs to be created by the
13 applicant;

14 (8) [~~(4)~~] the wages, salaries, and benefits to be
15 offered by the applicant to qualifying job holders;

16 (9) [~~(5)~~] the ability of the applicant to locate or
17 relocate in another state or another region of this state;

18 (10) [~~(6)~~] the impact the project [~~added~~
19 infrastructure] will have on this state and individual local units
20 of government [~~the region~~], including:

21 (A) tax and other revenue gains, direct or
22 indirect, that would be realized during the qualifying time period,
23 the limitation period, and a period of time after the limitation
24 period considered appropriate by the comptroller [~~by the school~~
25 ~~district~~]; and

26 (B) [~~subsequent~~] economic effects of the
27 project, including the impact on jobs and income, during the

1 qualifying time period, the limitation period, and a period of time
2 after the limitation period considered appropriate by the
3 comptroller [~~on the local and regional tax bases~~];

4 (11) [~~(7)~~] the economic condition of the region of the
5 state at the time the person's application is being considered;

6 (12) [~~(8)~~] the number of new facilities built or
7 expanded in the region during the two years preceding the date of
8 the application that were eligible to apply for a limitation on
9 appraised value under this subchapter; [~~and~~]

10 (13) [~~(9)~~] the effect of the applicant's proposal, if
11 approved, on the number or size of the school district's
12 instructional facilities, as defined by Section 46.001, Education
13 Code;

14 (14) the projected market value of the qualified
15 property of the applicant as determined by the comptroller;

16 (15) the proposed limitation on appraised value for
17 the qualified property of the applicant;

18 (16) the projected dollar amount of the taxes that
19 would be imposed on the qualified property, for each year of the
20 agreement, if the property does not receive a limitation on
21 appraised value with assumptions of the projected appreciation or
22 depreciation of the investment and projected tax rates clearly
23 stated;

24 (17) the projected dollar amount of the taxes that
25 would be imposed on the qualified property, for each tax year of the
26 agreement, if the property receives a limitation on appraised value
27 with assumptions of the projected appreciation or depreciation of

1 the investment clearly stated;

2 (18) the projected effect on the Foundation School
3 Program of payments to the district for each year of the agreement;

4 (19) the projected future tax credits if the applicant
5 also applies for school tax credits under Section 313.103; and

6 (20) the total amount of taxes projected to be lost or
7 gained by the district over the life of the agreement computed by
8 subtracting the projected taxes stated in Subdivision (17) from the
9 projected taxes stated in Subdivision (16).

10 (b) The comptroller's recommendations shall be based on the
11 criteria listed in Subsections (a)(5)-(20) [~~(a)(2)-(9)~~] and on any
12 other information available to the comptroller, including
13 information provided by the governing body of the school district
14 under Section 313.025(b).

15 SECTION 7. Subchapter B, Chapter 313, Tax Code, is amended
16 by adding Section 313.0265 to read as follows:

17 Sec. 313.0265. DISCLOSURE OF APPRAISED VALUE LIMITATION
18 INFORMATION. (a) The comptroller shall post on the comptroller's
19 Internet website each document or item of information the
20 comptroller designates as substantive before the 15th day after the
21 date the document or item of information was received or created.
22 Each document or item of information must continue to be posted
23 until the appraised value limitation expires.

24 (b) The comptroller shall designate the following as
25 substantive:

26 (1) each application requesting a limitation on
27 appraised value;

1 (2) the economic impact evaluation made in connection
2 with the application; and

3 (3) each application requesting school tax credits
4 under Section 313.103.

5 (c) If a school district maintains a generally accessible
6 Internet website, the district shall maintain a link on its
7 Internet website to the area of the comptroller's Internet website
8 where information on each of the district's agreements to limit
9 appraised value is maintained.

10 SECTION 8. Section 313.027, Tax Code, is amended by
11 amending Subsection (f) and adding Subsections (h) and (i) to read
12 as follows:

13 (f) In addition, the agreement:

14 (1) must incorporate each relevant provision of this
15 subchapter and, to the extent necessary, include provisions for the
16 protection of future school district revenues through the
17 adjustment of the minimum valuations, the payment of revenue
18 offsets, and other mechanisms agreed to by the property owner and
19 the school district;

20 (2) may provide that the property owner will protect
21 the school district in the event the district incurs extraordinary
22 education-related expenses related to the project that are not
23 directly funded in state aid formulas, including expenses for the
24 purchase of portable classrooms and the hiring of additional
25 personnel to accommodate a temporary increase in student enrollment
26 attributable to the project;

27 (3) must require the property owner to maintain a

1 viable presence in the school district for at least three years
2 after the date the limitation on appraised value of the owner's
3 property expires;

4 (4) [~~(3)~~] must provide for the termination of the
5 agreement, the recapture of ad valorem tax revenue lost as a result
6 of the agreement if the owner of the property fails to comply with
7 the terms of the agreement, and payment of a penalty or interest, or
8 both, on that recaptured ad valorem tax revenue;

9 (5) [~~(4)~~] may specify any conditions the occurrence of
10 which will require the district and the property owner to
11 renegotiate all or any part of the agreement; and

12 (6) [~~(5)~~] must specify the ad valorem tax years
13 covered by the agreement.

14 (h) The agreement between the governing body of the school
15 district and the applicant may provide for a deferral of the date on
16 which the qualifying time period for the project is to commence or,
17 subsequent to the date the agreement is entered into, be amended to
18 provide for such a deferral. This subsection may not be construed
19 to permit a qualifying time period that has commenced to continue
20 for more than the number of years applicable to the project under
21 Section 313.021(4).

22 (i) A person and the school district may not enter into an
23 agreement under which the person agrees to provide supplemental
24 payments to a school district in an amount that exceeds an amount
25 equal to \$100 per student per year in average daily attendance, as
26 defined by Section 42.005, Education Code, or for a period that
27 exceeds the period beginning with the period described by Section

1 313.021(4) and ending with the period described by Section
2 313.104(2)(B) of this code. This limit does not apply to amounts
3 described by Subsection (f)(1) or (2) of this section.

4 SECTION 9. Subchapter B, Chapter 313, Tax Code, is amended
5 by adding Section 313.0275 to read as follows:

6 Sec. 313.0275. RECAPTURE OF AD VALOREM TAX REVENUE LOST.

7 (a) Notwithstanding any other provision of this chapter to the
8 contrary, a person with whom a school district enters into an
9 agreement under this subchapter must make the minimum amount of
10 qualified investment during the qualifying time period and create
11 the required number of qualifying jobs during each year of the
12 agreement.

13 (b) If in any tax year a property owner fails to comply with
14 Subsection (a), the property owner is liable to this state for a
15 penalty equal to the amount computed by subtracting from the market
16 value of the property for that tax year the value of the property as
17 limited by the agreement and multiplying the difference by the
18 maintenance and operations tax rate of the school district for that
19 tax year.

20 (c) A penalty imposed under Subsection (b) becomes
21 delinquent if not paid on or before February 1 of the following tax
22 year. Section 33.01 applies to the delinquent penalty in the manner
23 that section applies to delinquent taxes.

24 SECTION 10. Section 313.028, Tax Code, is amended to read as
25 follows:

26 Sec. 313.028. CERTAIN BUSINESS INFORMATION CONFIDENTIAL.

27 Information provided to a school district in connection with an

1 application for a limitation on appraised value under this
2 subchapter that describes the specific processes or business
3 activities to be conducted or the specific tangible personal
4 property to be located on real property covered by the application
5 shall be segregated in the application from other information in
6 the application and is confidential and not subject to public
7 disclosure unless the governing body of the school district
8 approves the application. Other information in the custody of a
9 school district or the comptroller in connection with the
10 application, including information related to the economic impact
11 of a project or the essential elements of eligibility under this
12 chapter, such as the nature and amount of the projected investment,
13 employment, wages, and benefits, may not be considered confidential
14 business information if the governing body of the school district
15 agrees to consider the application. Information in the custody
16 of a school district or the comptroller if the governing body
17 approves the application is not confidential under this section.

18 SECTION 11. Section 313.051(a), Tax Code, is amended to
19 read as follows:

20 (a) This subchapter applies only to a school district that
21 has territory in:

22 (1) an area that qualified as a strategic investment
23 area under Subchapter O, Chapter 171, immediately before that
24 subchapter expired [~~as defined by Section 171.721~~]; or

25 (2) a county:

26 (A) that has a population of less than 50,000;

27 and

1 (B) [~~that is not partially or wholly located in a~~
2 ~~metropolitan statistical area; and~~

3 [~~(C)~~] in which, from 1990 to 2000, according to
4 the federal decennial census, the population:

- 5 (i) remained the same;
6 (ii) decreased; or
7 (iii) increased, but at a rate of not more
8 than three percent per annum.

9 SECTION 12. Sections 313.103 and 313.104, Tax Code, are
10 amended to read as follows:

11 Sec. 313.103. APPLICATION. (a) An application for a tax
12 credit under this subchapter must be made to the governing body of
13 the school district to which the ad valorem taxes were paid. The
14 application must be:

15 (1) made on the form prescribed for that purpose by the
16 comptroller and verified by the applicant; and

17 (2) accompanied by:
18 (A) a tax receipt from the collector of taxes for
19 the school district showing full payment of school district ad
20 valorem taxes on the qualified property for the applicable
21 qualifying time period; and

22 (B) any other document or information that the
23 comptroller or the governing body considers necessary for a
24 determination of the applicant's eligibility for the credit or the
25 amount of the credit[~~, and~~

26 [~~(3) filed before September 1 of the year immediately~~
27 ~~following the applicable qualifying time period].~~

1 (b) An application for a tax credit under this subchapter or
2 any information provided by the school district to the Texas
3 Education Agency under Section 42.2515, Education Code, is not
4 confidential.

5 Sec. 313.104. ACTION ON APPLICATION; GRANT OF
6 CREDIT. Before granting [~~the 90th day after the date~~] the
7 application for a tax credit [~~is filed~~], the governing body of the
8 school district shall:

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

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

14 (A) in the second and subsequent six tax years
15 that begin after the date the application is approved, to credit
16 against the taxes imposed on the qualified property by the district
17 in that year an amount equal to one-seventh of the total amount of
18 tax credit to which the person is entitled under Section 313.102,
19 except that the amount of a credit granted in any of those tax years
20 may not exceed 50 percent of the total amount of ad valorem school
21 taxes imposed on the qualified property by the school district in
22 that tax year; and

23 (B) in the first three tax years that begin on or
24 after the date the person's eligibility for the limitation under
25 Subchapter B or C expires, to credit against the taxes imposed on
26 the qualified property by the district an amount equal to the
27 portion of the total amount of tax credit to which the person is

1 entitled under Section 313.102 that was not credited against the
2 person's taxes under Paragraph (A) in a tax year covered by
3 Paragraph (A), except that the amount of a tax credit granted under
4 this paragraph in any tax year may not exceed the total amount of ad
5 valorem school taxes imposed on the qualified property by the
6 school district in that tax year.

7 SECTION 13. Section 403.302(d), Government Code, is amended
8 to read as follows:

9 (d) For the purposes of this section, "taxable value" means
10 the market value of all taxable property less:

11 (1) the total dollar amount of any residence homestead
12 exemptions lawfully granted under Section 11.13(b) or (c), Tax
13 Code, in the year that is the subject of the study for each school
14 district;

15 (2) one-half of the total dollar amount of any
16 residence homestead exemptions granted under Section 11.13(n), Tax
17 Code, in the year that is the subject of the study for each school
18 district;

19 (3) the total dollar amount of any exemptions granted
20 before May 31, 1993, within a reinvestment zone under agreements
21 authorized by Chapter 312, Tax Code;

22 (4) subject to Subsection (e), the total dollar amount
23 of any captured appraised value of property that:

24 (A) is within a reinvestment zone created on or
25 before May 31, 1999, or is proposed to be included within the
26 boundaries of a reinvestment zone as the boundaries of the zone and
27 the proposed portion of tax increment paid into the tax increment

1 fund by a school district are described in a written notification
2 provided by the municipality or the board of directors of the zone
3 to the governing bodies of the other taxing units in the manner
4 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
5 within the boundaries of the zone as those boundaries existed on
6 September 1, 1999, including subsequent improvements to the
7 property regardless of when made;

8 (B) generates taxes paid into a tax increment
9 fund created under Chapter 311, Tax Code, under a reinvestment zone
10 financing plan approved under Section 311.011(d), Tax Code, on or
11 before September 1, 1999; and

12 (C) is eligible for tax increment financing under
13 Chapter 311, Tax Code;

14 (5) for a school district for which a deduction from
15 taxable value is made under Subdivision (4), an amount equal to the
16 taxable value required to generate revenue when taxed at the school
17 district's current tax rate in an amount that, when added to the
18 taxes of the district paid into a tax increment fund as described by
19 Subdivision (4)(B), is equal to the total amount of taxes the
20 district would have paid into the tax increment fund if the district
21 levied taxes at the rate the district levied in 2005;

22 (6) the total dollar amount of any captured appraised
23 value of property that:

24 (A) is within a reinvestment zone:

25 (i) created on or before December 31, 2008,
26 by a municipality with a population of less than 18,000; and

27 (ii) the project plan for which includes

1 the alteration, remodeling, repair, or reconstruction of a
2 structure that is included on the National Register of Historic
3 Places and requires that a portion of the tax increment of the zone
4 be used for the improvement or construction of related facilities
5 or for affordable housing;

6 (B) generates school district taxes that are paid
7 into a tax increment fund created under Chapter 311, Tax Code; and

8 (C) is eligible for tax increment financing under
9 Chapter 311, Tax Code;

10 (7) the total dollar amount of any exemptions granted
11 under Section 11.251 or 11.253, Tax Code;

12 (8) the difference between the comptroller's estimate
13 of the market value and the productivity value of land that
14 qualifies for appraisal on the basis of its productive capacity,
15 except that the productivity value estimated by the comptroller may
16 not exceed the fair market value of the land;

17 (9) the portion of the appraised value of residence
18 homesteads of individuals who receive a tax limitation under
19 Section 11.26, Tax Code, on which school district taxes are not
20 imposed in the year that is the subject of the study, calculated as
21 if the residence homesteads were appraised at the full value
22 required by law;

23 (10) a portion of the market value of property not
24 otherwise fully taxable by the district at market value because of:

25 (A) action required by statute or the
26 constitution of this state that, if the tax rate adopted by the
27 district is applied to it, produces an amount equal to the

1 difference between the tax that the district would have imposed on
2 the property if the property were fully taxable at market value and
3 the tax that the district is actually authorized to impose on the
4 property, if this subsection does not otherwise require that
5 portion to be deducted; or

6 (B) action taken by the district under Subchapter
7 B or C, Chapter 313, Tax Code, before the expiration of the
8 subchapter;

9 (11) the market value of all tangible personal
10 property, other than manufactured homes, owned by a family or
11 individual and not held or used for the production of income;

12 (12) the appraised value of property the collection of
13 delinquent taxes on which is deferred under Section 33.06, Tax
14 Code;

15 (13) the portion of the appraised value of property
16 the collection of delinquent taxes on which is deferred under
17 Section 33.065, Tax Code; and

18 (14) the amount by which the market value of a
19 residence homestead to which Section 23.23, Tax Code, applies
20 exceeds the appraised value of that property as calculated under
21 that section.

22 SECTION 14. Section 313.029, Tax Code, is repealed.

23 SECTION 15. Sections 313.021(1)(A), (2), and (5),
24 313.024(e), and 313.025(a), Tax Code, as amended by this Act, are
25 intended to clarify rather than change existing law. The
26 clarification made by Section 313.021(5), Tax Code, as amended by
27 this Act, is necessary to allow the Texas Workforce Commission to

1 implement that subdivision in conformance with the data collection
2 requirements imposed by the federal government.

3 SECTION 16. (a) Except as provided by Subsection (b) of
4 this section:

5 (1) this Act takes effect immediately if it receives a
6 vote of two-thirds of all the members elected to each house, as
7 provided by Section 39, Article III, Texas Constitution; and

8 (2) if this Act does not receive the vote necessary for
9 immediate effect, this Act takes effect September 1, 2009.

10 (b) Sections 313.025(a-1), (h), and (i) and 313.0265, Tax
11 Code, as added by this Act, take effect January 1, 2010.