

By: Heflin

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) a building or a permanent, nonremovable
11 component of a building that is built or constructed during the
12 applicable qualifying time period that begins on or after January
13 1, 2002, and that houses tangible personal property described by
14 Paragraph (A), (B), (C), or (D).

15 (2) "Qualified property" means:

16 (A) land:

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

20 (ii) on which a person proposes to
21 construct a new building or erect or affix a new improvement that
22 does not exist before the date the person [~~owner~~] applies for a
23 limitation on appraised value under this subchapter;

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

26 (iv) on which, in connection with the new
27 building or new improvement described by Subparagraph (ii), the

1 owner or lessee of, or the holder of another possessory interest in,
2 the land proposes to:

3 (a) make a qualified investment in an
4 amount equal to at least the minimum amount required by Section
5 313.023; and

6 (b) create at least 25 new jobs;

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

9 (C) tangible personal property that:

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

12 (ii) except for new equipment described in
13 Section 151.318(q) or (q-1), is first placed in service in the new
14 building or in or on the new improvement described by Paragraph
15 (A)(ii), or on the land on which that new building or new
16 improvement is located, if the personal property is ancillary and
17 necessary to the business conducted in that new building or in or on
18 that new improvement.

19 (3) "Qualifying job" means a permanent full-time job
20 that:

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

22 (B) is not transferred from one area in this
23 state to another area in this state;

24 (C) is not created to replace a previous
25 employee;

26 (D) is covered by a group health benefit plan[
27 ~~as defined by Section 481.151, Government Code,~~] for which the

1 business offers to pay at least 80 percent of the premiums or other
2 charges assessed for employee-only coverage under the plan,
3 regardless of whether an employee may voluntarily waive the
4 coverage; and

5 (E) pays at least 110 percent of the county
6 average weekly wage [~~for manufacturing jobs~~] in the county where
7 the job is located.

8 (4) "Qualifying time period" means:

9 (A) the period that begins on the date that a
10 person's application for a limitation on appraised value under this
11 subchapter is approved by the governing body of the school district
12 and ends on December 31 of the second tax year that begins after
13 that date [~~first two tax years that begin on or after the date a~~
14 ~~person's application for a limitation on appraised value under this~~
15 ~~subchapter is approved~~], except as provided by Paragraph (B) of
16 this subdivision or Section 313.027(h); or

17 (B) in connection with a nuclear electric power
18 generation facility, the first seven tax years that begin on or
19 after the third anniversary of the date the school district
20 approves the property owner's application for a limitation on
21 appraised value under this subchapter, unless a shorter time period
22 is agreed to by the governing body of the school district and the
23 property owner.

24 (5) "County average weekly wage [~~for manufacturing~~
25 ~~jobs~~]" means the average weekly wage in a county during the most
26 recent four quarterly periods for which data is available [~~for~~
27 ~~manufacturing jobs~~] as computed by the Texas Workforce Commission.

1 SECTION 3. Section 313.024(e), Tax Code, is amended by
2 amending Subdivision (1) and adding Subdivision (5) to read as
3 follows:

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

8 (5) "Research and development" means an establishment
9 primarily engaged in activities described in category 541710 of the
10 2002 North American Industry Classification System.

11 SECTION 4. Section 313.025(a), Tax Code, is amended to read
12 as follows:

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

22 (1) the application fee established by the governing
23 body of the school district;

24 (2) information sufficient to show that the real and
25 personal property identified in the application as qualified
26 property meets the applicable criteria established by Section
27 313.021(2); and

1 (3) information relating to each applicable criterion
2 listed in Section 313.026.

3 SECTION 5. Section 313.027, Tax Code, is amended by adding
4 Subsection (h) to read as follows:

5 (h) The governing body of the school district and the
6 property owner may agree to delay the effective date of the
7 agreement or subsequently amend the agreement to delay the
8 effective date of the agreement for a period not to exceed five
9 years from the date that the governing body of the school district
10 first approves the agreement. If the governing body of the school
11 district and the property owner agree to delay the effective date of
12 the agreement, the qualifying time period consists of the first two
13 tax years that begin on or after the effective date of the
14 agreement.

15 SECTION 6. Sections 313.051(a) and (b), Tax Code, are
16 amended to read as follows:

17 (a) This subchapter applies only to a school district that
18 has territory in:

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

22 (2) a county:

23 (A) that has a population of less than 50,000;
24 and

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

27 [~~(C)~~] in which, from 1990 to 2000, according to

1 the federal decennial census, the population:

2 (i) remained the same;

3 (ii) decreased; or

4 (iii) increased, but at a rate of not more
5 than three percent per annum.

6 (b) The governing body of a school district to which this
7 subchapter applies may enter into an agreement in the same manner as
8 a school district to which Subchapter B applies may do so under
9 Subchapter B, subject to Sections 313.052-313.054. Except as
10 otherwise provided by this subchapter, the provisions of Subchapter
11 B apply to a school district to which this subchapter applies. For
12 purposes of this subchapter, a property owner is required to create
13 only at least 10 new jobs on the owner's qualified property. At
14 least 80 percent of all the new jobs created must be qualifying jobs
15 as defined by Section 313.021(3) [~~, except that, for a school~~
16 ~~district described by Subsection (a)(2), each qualifying job must~~
17 ~~pay at least 110 percent of the average weekly wage for~~
18 ~~manufacturing jobs in the region designated for the regional~~
19 ~~planning commission, council of governments, or similar regional~~
20 ~~planning agency created under Chapter 391, Local Government Code,~~
21 ~~in which the district is located]~~.

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

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

26 (1) the total dollar amount of any residence homestead
27 exemptions lawfully granted under Section 11.13(b) or (c), Tax

1 Code, in the year that is the subject of the study for each school
2 district;

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

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

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

12 (A) is within a reinvestment zone created on or
13 before May 31, 1999, or is proposed to be included within the
14 boundaries of a reinvestment zone as the boundaries of the zone and
15 the proposed portion of tax increment paid into the tax increment
16 fund by a school district are described in a written notification
17 provided by the municipality or the board of directors of the zone
18 to the governing bodies of the other taxing units in the manner
19 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
20 within the boundaries of the zone as those boundaries existed on
21 September 1, 1999, including subsequent improvements to the
22 property regardless of when made;

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

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

2 (5) for a school district for which a deduction from
3 taxable value is made under Subdivision (4), an amount equal to the
4 taxable value required to generate revenue when taxed at the school
5 district's current tax rate in an amount that, when added to the
6 taxes of the district paid into a tax increment fund as described by
7 Subdivision (4)(B), is equal to the total amount of taxes the
8 district would have paid into the tax increment fund if the district
9 levied taxes at the rate the district levied in 2005;

10 (6) the total dollar amount of any captured appraised
11 value of property that:

12 (A) is within a reinvestment zone:

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

15 (ii) the project plan for which includes
16 the alteration, remodeling, repair, or reconstruction of a
17 structure that is included on the National Register of Historic
18 Places and requires that a portion of the tax increment of the zone
19 be used for the improvement or construction of related facilities
20 or for affordable housing;

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

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

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

27 (8) the difference between the comptroller's estimate

1 of the market value and the productivity value of land that
2 qualifies for appraisal on the basis of its productive capacity,
3 except that the productivity value estimated by the comptroller may
4 not exceed the fair market value of the land;

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

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

13 (A) action required by statute or the
14 constitution of this state that, if the tax rate adopted by the
15 district is applied to it, produces an amount equal to the
16 difference between the tax that the district would have imposed on
17 the property if the property were fully taxable at market value and
18 the tax that the district is actually authorized to impose on the
19 property, if this subsection does not otherwise require that
20 portion to be deducted; or

21 (B) action taken by the district under Subchapter
22 B or C, Chapter 313, Tax Code, before the expiration of the
23 subchapter;

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

27 (12) the appraised value of property the collection of

1 delinquent taxes on which is deferred under Section 33.06, Tax
2 Code;

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

6 (14) the amount by which the market value of a
7 residence homestead to which Section 23.23, Tax Code, applies
8 exceeds the appraised value of that property as calculated under
9 that section.

10 SECTION 8. Sections 313.021(1)(A) and (2), 313.024(e), and
11 313.025(a), Tax Code, as amended by this Act, are intended to
12 clarify rather than change existing law.

13 SECTION 9. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2009.