

1-1 By: Helfin, et al. (Senate Sponsor - Seliger) H.B. No. 3676
1-2 (In the Senate - Received from the House May 18, 2009;
1-3 May 19, 2009, read first time and referred to Committee on Economic
1-4 Development; May 25, 2009, reported favorably, as amended, by the
1-5 following vote: Yeas 5, Nays 0; May 25, 2009, sent to printer.)

1-6 COMMITTEE AMENDMENT NO. 1 By: Eltife

1-7 Amend H.B. No. 3676 as follows:

1-8 (1) Strike "2015" on page 1, line 31 and substitute "2014".

1-9 (2) Add the following SECTION to the bill, appropriately
1-10 numbered:

1-11 SECTION _____. Section 403.302, Government Code, is amended
1-12 by adding Subsection (m) to read as follows:

1-13 (m) Subsection (d)(10) does not apply to property that was
1-14 the subject of an application under Subchapter B or C, Chapter 313,
1-15 Tax Code, made after May 1, 2009, that the comptroller recommended
1-16 should be disapproved.

1-17 (3) Add the following SECTION to the bill, appropriately
1-18 numbered:

1-19 SECTION _____. The Legislative Budget Board shall conduct an
1-20 effectiveness and efficiency review of the economic development
1-21 program established under Chapter 313, Tax Code, and report the
1-22 results of the review to the legislature not later than January 1,
1-23 2011.

1-24 A BILL TO BE ENTITLED
1-25 AN ACT

1-26 relating to the Texas Economic Development Act.

1-27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-28 SECTION 1. Section 313.007, Tax Code, is amended to read as
1-29 follows:

1-30 Sec. 313.007. EXPIRATION. Subchapters B, C, and D expire
1-31 December 31, 2015 [~~2014~~].

1-32 SECTION 2. Section 313.021, Tax Code, is amended to read as
1-33 follows:

1-34 Sec. 313.021. DEFINITIONS. In this subchapter:

1-35 (1) "Qualified investment" means:

1-36 (A) tangible personal property that is first
1-37 placed in service in this state during the applicable qualifying
1-38 time period that begins on or after January 1, 2002, without regard
1-39 to whether the property is affixed to or incorporated into real
1-40 property, and that is described as Section 1245 property by Section
1-41 1245(a), Internal Revenue Code of 1986;

1-42 (B) tangible personal property that is first
1-43 placed in service in this state during the applicable qualifying
1-44 time period that begins on or after January 1, 2002, without regard
1-45 to whether the property is affixed to or incorporated into real
1-46 property, and that is used in connection with the manufacturing,
1-47 processing, or fabrication in a cleanroom environment of a
1-48 semiconductor product, without regard to whether the property is
1-49 actually located in the cleanroom environment, including:

1-50 (i) integrated systems, fixtures, and
1-51 piping;

1-52 (ii) all property necessary or adapted to
1-53 reduce contamination or to control airflow, temperature, humidity,
1-54 chemical purity, or other environmental conditions or
1-55 manufacturing tolerances; and

1-56 (iii) production equipment and machinery,
1-57 moveable cleanroom partitions, and cleanroom lighting;

1-58 (C) tangible personal property that is first
1-59 placed in service in this state during the applicable qualifying
1-60 time period that begins on or after January 1, 2002, without regard
1-61 to whether the property is affixed to or incorporated into real
1-62 property, and that is used in connection with the operation of a

2-1 nuclear electric power generation facility, including:
 2-2 (i) property, including pressure vessels,
 2-3 pumps, turbines, generators, and condensers, used to produce
 2-4 nuclear electric power; and
 2-5 (ii) property and systems necessary to
 2-6 control radioactive contamination;
 2-7 (D) tangible personal property that is first
 2-8 placed in service in this state during the applicable qualifying
 2-9 time period that begins on or after January 1, 2002, without regard
 2-10 to whether the property is affixed to or incorporated into real
 2-11 property, and that is used in connection with operating an
 2-12 integrated gasification combined cycle electric generation
 2-13 facility, including:
 2-14 (i) property used to produce electric power
 2-15 by means of a combined combustion turbine and steam turbine
 2-16 application using synthetic gas or another product produced by the
 2-17 gasification of coal or another carbon-based feedstock; or
 2-18 (ii) property used in handling materials to
 2-19 be used as feedstock for gasification or used in the gasification
 2-20 process to produce synthetic gas or another carbon-based feedstock
 2-21 for use in the production of electric power in the manner described
 2-22 by Subparagraph (i); [~~or~~]
 2-23 (E) tangible personal property that is first
 2-24 placed in service in this state during the applicable qualifying
 2-25 time period that begins on or after January 1, 2010, without regard
 2-26 to whether the property is affixed to or incorporated into real
 2-27 property, and that is used in connection with operating an advanced
 2-28 clean energy project, as defined by Section 382.003, Health and
 2-29 Safety Code; or
 2-30 (F) a building or a permanent, nonremovable
 2-31 component of a building that is built or constructed during the
 2-32 applicable qualifying time period that begins on or after January
 2-33 1, 2002, and that houses tangible personal property described by
 2-34 Paragraph (A), (B), (C), [~~or~~] (D), or (E).
 2-35 (2) "Qualified property" means:
 2-36 (A) land:
 2-37 (i) that is located in an area designated as
 2-38 a reinvestment zone under Chapter 311 or 312 or as an enterprise
 2-39 zone under Chapter 2303, Government Code;
 2-40 (ii) on which a person proposes to
 2-41 construct a new building or erect or affix a new improvement that
 2-42 does not exist before the date the person [~~owner~~] applies for a
 2-43 limitation on appraised value under this subchapter;
 2-44 (iii) that is not subject to a tax abatement
 2-45 agreement entered into by a school district under Chapter 312; and
 2-46 (iv) on which, in connection with the new
 2-47 building or new improvement described by Subparagraph (ii), the
 2-48 owner or lessee of, or the holder of another possessory interest in,
 2-49 the land proposes to:
 2-50 (a) make a qualified investment in an
 2-51 amount equal to at least the minimum amount required by Section
 2-52 313.023; and
 2-53 (b) create at least 25 new jobs;
 2-54 (B) the new building or other new improvement
 2-55 described by Paragraph (A)(ii); and
 2-56 (C) tangible personal property that:
 2-57 (i) is not subject to a tax abatement
 2-58 agreement entered into by a school district under Chapter 312; and
 2-59 (ii) except for new equipment described in
 2-60 Section 151.318(q) or (q-1), is first placed in service in the new
 2-61 building or in or on the new improvement described by Paragraph
 2-62 (A)(ii), or on the land on which that new building or new
 2-63 improvement is located, if the personal property is ancillary and
 2-64 necessary to the business conducted in that new building or in or on
 2-65 that new improvement.
 2-66 (3) "Qualifying job" means a permanent full-time job
 2-67 that:
 2-68 (A) requires at least 1,600 hours of work a year;
 2-69 (B) is not transferred from one area in this

3-1 state to another area in this state;
 3-2 (C) is not created to replace a previous
 3-3 employee;
 3-4 (D) is covered by a group health benefit plan[
 3-5 ~~as defined by Section 481.151, Government Code,~~] for which the
 3-6 business offers to pay at least 80 percent of the premiums or other
 3-7 charges assessed for employee-only coverage under the plan,
 3-8 regardless of whether an employee may voluntarily waive the
 3-9 coverage; and

3-10 (E) pays at least 110 percent of:
 3-11 (i) the county average weekly wage for
 3-12 manufacturing jobs in the county where the job is located; or
 3-13 (ii) the county average weekly wage for all
 3-14 jobs in the county where the job is located, if the property owner
 3-15 creates more than 1,000 jobs in that county.

3-16 (4) "Qualifying time period" means:

3-17 (A) the period that begins on the date that a
 3-18 person's application for a limitation on appraised value under this
 3-19 subchapter is approved by the governing body of the school district
 3-20 and ends on December 31 of the second tax year that begins after
 3-21 that date [first two tax years that begin on or after the date a
 3-22 person's application for a limitation on appraised value under this
 3-23 subchapter is approved], except as provided by Paragraph (B) or (C)
 3-24 of this subdivision or Section 313.027(h); [~~or~~]

3-25 (B) in connection with a nuclear electric power
 3-26 generation facility, the first seven tax years that begin on or
 3-27 after the third anniversary of the date the school district
 3-28 approves the property owner's application for a limitation on
 3-29 appraised value under this subchapter, unless a shorter time period
 3-30 is agreed to by the governing body of the school district and the
 3-31 property owner; or

3-32 (C) in connection with an advanced clean energy
 3-33 project, as defined by Section 382.003, Health and Safety Code, the
 3-34 first five tax years that begin on or after the third anniversary of
 3-35 the date the school district approves the property owner's
 3-36 application for a limitation on appraised value under this
 3-37 subchapter, unless a shorter time period is agreed to by the
 3-38 governing body of the school district and the property owner.

3-39 (5) "County average weekly wage for manufacturing
 3-40 jobs" means:

3-41 (A) the average weekly wage in a county for
 3-42 manufacturing jobs during the most recent four quarterly periods
 3-43 for which data is available at the time a person submits an
 3-44 application for a limitation on appraised value under this
 3-45 subchapter, as computed by the Texas Workforce Commission; or

3-46 (B) the average weekly wage for manufacturing
 3-47 jobs in the region designated for the regional planning commission,
 3-48 council of governments, or similar regional planning agency created
 3-49 under Chapter 391, Local Government Code, in which the county is
 3-50 located during the most recent four quarterly periods for which
 3-51 data is available at the time a person submits an application for a
 3-52 limitation on appraised value under this subchapter, as computed by
 3-53 the Texas Workforce Commission.

3-54 SECTION 3. Section 313.024(b), Tax Code, is amended to read
 3-55 as follows:

3-56 (b) To be eligible for a limitation on appraised value under
 3-57 this subchapter, the entity must use the property in connection
 3-58 with:

- 3-59 (1) manufacturing;
- 3-60 (2) research and development;
- 3-61 (3) a clean coal project, as defined by Section 5.001,
 3-62 Water Code;
- 3-63 (4) an advanced clean energy project, as defined by
 3-64 Section 382.003, Health and Safety Code;
- 3-65 (5) renewable energy electric generation;
- 3-66 (6) electric power generation using integrated
 3-67 gasification combined cycle technology; [~~or~~]
- 3-68 (7) nuclear electric power generation; or
- 3-69 (8) a computer center primarily used in connection

4-1 with one or more activities described by Subdivisions (1) through
4-2 (7) conducted by the entity.

4-3 SECTION 4. Section 313.024(e), Tax Code, is amended by
4-4 amending Subdivision (1) and adding Subdivisions (5) and (6) to
4-5 read as follows:

4-6 (1) "Manufacturing" means an establishment primarily
4-7 engaged in activities described in sectors 31-33 of the 2007 North
4-8 American Industry Classification System [~~and "research and
4-9 development" have the meanings assigned by Section 171.751].~~

4-10 (5) "Research and development" means an establishment
4-11 primarily engaged in activities described in category 541710 of the
4-12 2002 North American Industry Classification System.

4-13 (6) "Computer center" means an establishment
4-14 primarily engaged in providing electronic data processing and
4-15 information storage.

4-16 SECTION 5. Section 313.025, Tax Code, is amended by
4-17 amending Subsections (a), (b), and (d) and adding Subsections
4-18 (a-1), (d-1), (h), and (i) to read as follows:

4-19 (a) The owner or lessee of, or the holder of another
4-20 possessory interest in, any qualified property described by Section
4-21 313.021(2)(A), (B), or (C) may apply to the governing body of the
4-22 school district in which the property is located for a limitation on
4-23 the appraised value for school district maintenance and operations
4-24 ad valorem tax purposes of the person's qualified property. An
4-25 application must be made on the form prescribed by the comptroller
4-26 and include the information required by the comptroller, and it
4-27 must be accompanied by:

4-28 (1) the application fee established by the governing
4-29 body of the school district;

4-30 (2) information sufficient to show that the real and
4-31 personal property identified in the application as qualified
4-32 property meets the applicable criteria established by Section
4-33 313.021(2); and

4-34 (3) information relating to each applicable criterion
4-35 listed in Section 313.026.

4-36 (a-1) Within seven days of the receipt of each document, the
4-37 school district shall submit to the comptroller a copy of the
4-38 application and the agreement between the applicant and the school
4-39 district. If an economic analysis of the proposed project is
4-40 submitted to the school district, the district shall submit a copy
4-41 of the analysis to the comptroller. In addition, the school
4-42 district shall submit to the comptroller any subsequent revision of
4-43 or amendment to any of those documents within seven days of its
4-44 receipt. The comptroller shall publish each document received from
4-45 the school district under this subsection on the comptroller's
4-46 Internet website. If the school district maintains a generally
4-47 accessible Internet website, the district shall provide on its
4-48 website a link to the location of those documents posted on the
4-49 comptroller's website in compliance with this subsection. This
4-50 subsection does not require the comptroller to post information
4-51 that is confidential under Section 313.028.

4-52 (b) The governing body of a school district is not required
4-53 to consider an application for a limitation on appraised value that
4-54 is filed with the governing body under Subsection (a). If the
4-55 governing body of the school district does elect to consider an
4-56 application, the governing body shall deliver three copies of the
4-57 application to the comptroller and request that the comptroller
4-58 provide an economic impact evaluation of the application to the
4-59 school district. Except as provided by Subsection (b-1), the
4-60 comptroller shall conduct or contract with a third person to
4-61 conduct the evaluation, which shall be completed and provided to
4-62 the governing body of the school district as soon as practicable.
4-63 The governing body shall provide to the comptroller or third person
4-64 any requested information. A methodology to allow comparisons of
4-65 economic impact for different schedules of the addition of
4-66 qualified investment or qualified property may be developed as part
4-67 of the economic impact evaluation. The governing body shall
4-68 provide a copy of the evaluation to the applicant on request. The
4-69 comptroller may charge and collect a fee sufficient to cover the

5-1 costs of providing the economic impact evaluation. The governing
 5-2 body of a school district shall approve or disapprove an
 5-3 application before the 151st [~~121st~~] day after the date the
 5-4 application is filed, unless the economic impact evaluation has not
 5-5 been received or an extension is agreed to by the governing body and
 5-6 the applicant.

5-7 (d) Before the 91st [~~61st~~] day after the date the
 5-8 comptroller receives the copy of the application, the comptroller
 5-9 shall submit a recommendation to the governing body of the school
 5-10 district as to whether the application should be approved or
 5-11 disapproved.

5-12 (d-1) The governing body of a school district may approve an
 5-13 application that the comptroller has recommended should be
 5-14 disapproved only if:

5-15 (1) the governing body holds a public hearing the sole
 5-16 purpose of which is to consider the application and the
 5-17 comptroller's recommendation; and

5-18 (2) at a subsequent meeting of the governing body held
 5-19 after the date of the public hearing, at least two-thirds of the
 5-20 members of the governing body vote to approve the application.

5-21 (h) After receiving a copy of the application, the
 5-22 comptroller shall determine whether the property meets the
 5-23 requirements of Section 313.024 for eligibility for a limitation on
 5-24 appraised value under this subchapter. The comptroller shall
 5-25 notify the governing body of the school district of the
 5-26 comptroller's determination and provide the applicant an
 5-27 opportunity for a hearing before the determination becomes final.
 5-28 A hearing under this subsection is a contested case hearing and
 5-29 shall be conducted by the State Office of Administrative Hearings
 5-30 in the manner provided by Section 2003.101, Government Code. The
 5-31 applicant has the burden of proof on each issue in the hearing. The
 5-32 applicant may seek judicial review of the comptroller's
 5-33 determination in a Travis County district court under the
 5-34 substantial evidence rule as provided by Subchapter G, Chapter
 5-35 2001, Government Code.

5-36 (i) If the comptroller's determination under Subsection (h)
 5-37 that the property does not meet the requirements of Section 313.024
 5-38 for eligibility for a limitation on appraised value under this
 5-39 subchapter becomes final, the comptroller is not required to
 5-40 provide an economic impact evaluation of the application or to
 5-41 submit a recommendation to the school district as to whether the
 5-42 application should be approved or disapproved, and the governing
 5-43 body of the school district may not grant the application.

5-44 SECTION 6. Sections 313.026(a) and (b), Tax Code, are
 5-45 amended to read as follows:

5-46 (a) The economic impact evaluation of the application must
 5-47 include the following:

- 5-48 (1) the recommendations of the comptroller;
- 5-49 (2) the name of the school district;
- 5-50 (3) the name of the applicant;
- 5-51 (4) the general nature of the applicant's investment;
- 5-52 (5) [~~(2)~~] the relationship between the applicant's
- 5-53 industry and the types of qualifying jobs to be created by the
- 5-54 applicant to the long-term economic growth plans of this state as
- 5-55 described in the strategic plan for economic development submitted
- 5-56 by the Texas Strategic Economic Development Planning Commission
- 5-57 under Section 481.033, Government Code, as that section existed
- 5-58 before February 1, 1999;

5-59 (6) [~~(3)~~] the relative level of the applicant's
 5-60 investment per qualifying job to be created by the applicant;

5-61 (7) the number of qualifying jobs to be created by the
 5-62 applicant;

5-63 (8) [~~(4)~~] the wages, salaries, and benefits to be
 5-64 offered by the applicant to qualifying job holders;

5-65 (9) [~~(5)~~] the ability of the applicant to locate or
 5-66 relocate in another state or another region of this state;

5-67 (10) [~~(6)~~] the impact the project [~~added~~
 5-68 infrastructure] will have on this state and individual local units
 5-69 of government [~~the region~~], including:

6-1 (A) tax and other revenue gains, direct or
 6-2 indirect, that would be realized during the qualifying time period,
 6-3 the limitation period, and a period of time after the limitation
 6-4 period considered appropriate by the comptroller [~~by the school~~
 6-5 ~~district~~]; and

6-6 (B) [~~subsequent~~] economic effects of the
 6-7 project, including the impact on jobs and income, during the
 6-8 qualifying time period, the limitation period, and a period of time
 6-9 after the limitation period considered appropriate by the
 6-10 comptroller [~~on the local and regional tax bases~~];

6-11 (11) [~~(7)~~] the economic condition of the region of the
 6-12 state at the time the person's application is being considered;

6-13 (12) [~~(8)~~] the number of new facilities built or
 6-14 expanded in the region during the two years preceding the date of
 6-15 the application that were eligible to apply for a limitation on
 6-16 appraised value under this subchapter; [and]

6-17 (13) [~~(9)~~] the effect of the applicant's proposal, if
 6-18 approved, on the number or size of the school district's
 6-19 instructional facilities, as defined by Section 46.001, Education
 6-20 Code;

6-21 (14) the projected market value of the qualified
 6-22 property of the applicant as determined by the comptroller;

6-23 (15) the proposed limitation on appraised value for
 6-24 the qualified property of the applicant;

6-25 (16) the projected dollar amount of the taxes that
 6-26 would be imposed on the qualified property, for each year of the
 6-27 agreement, if the property does not receive a limitation on
 6-28 appraised value with assumptions of the projected appreciation or
 6-29 depreciation of the investment and projected tax rates clearly
 6-30 stated;

6-31 (17) the projected dollar amount of the taxes that
 6-32 would be imposed on the qualified property, for each tax year of the
 6-33 agreement, if the property receives a limitation on appraised value
 6-34 with assumptions of the projected appreciation or depreciation of
 6-35 the investment clearly stated;

6-36 (18) the projected effect on the Foundation School
 6-37 Program of payments to the district for each year of the agreement;

6-38 (19) the projected future tax credits if the applicant
 6-39 also applies for school tax credits under Section 313.103; and

6-40 (20) the total amount of taxes projected to be lost or
 6-41 gained by the district over the life of the agreement computed by
 6-42 subtracting the projected taxes stated in Subdivision (17) from the
 6-43 projected taxes stated in Subdivision (16).

6-44 (b) The comptroller's recommendations shall be based on the
 6-45 criteria listed in Subsections (a)(5)-(20) [~~(a)(2)-(9)~~] and on any
 6-46 other information available to the comptroller, including
 6-47 information provided by the governing body of the school district
 6-48 under Section 313.025(b).

6-49 SECTION 7. Subchapter B, Chapter 313, Tax Code, is amended
 6-50 by adding Section 313.0265 to read as follows:

6-51 Sec. 313.0265. DISCLOSURE OF APPRAISED VALUE LIMITATION
 6-52 INFORMATION. (a) The comptroller shall post on the comptroller's
 6-53 Internet website each document or item of information the
 6-54 comptroller designates as substantive before the 15th day after the
 6-55 date the document or item of information was received or created.
 6-56 Each document or item of information must continue to be posted
 6-57 until the appraised value limitation expires.

6-58 (b) The comptroller shall designate the following as
 6-59 substantive:

6-60 (1) each application requesting a limitation on
 6-61 appraised value;

6-62 (2) the economic impact evaluation made in connection
 6-63 with the application; and

6-64 (3) each application requesting school tax credits
 6-65 under Section 313.103.

6-66 (c) If a school district maintains a generally accessible
 6-67 Internet website, the district shall maintain a link on its
 6-68 Internet website to the area of the comptroller's Internet website
 6-69 where information on each of the district's agreements to limit

7-1 appraised value is maintained.

7-2 SECTION 8. Section 313.027, Tax Code, is amended by
7-3 amending Subsection (f) and adding Subsections (h) and (i) to read
7-4 as follows:

7-5 (f) In addition, the agreement:

7-6 (1) must incorporate each relevant provision of this
7-7 subchapter and, to the extent necessary, include provisions for the
7-8 protection of future school district revenues through the
7-9 adjustment of the minimum valuations, the payment of revenue
7-10 offsets, and other mechanisms agreed to by the property owner and
7-11 the school district;

7-12 (2) may provide that the property owner will protect
7-13 the school district in the event the district incurs extraordinary
7-14 education-related expenses related to the project that are not
7-15 directly funded in state aid formulas, including expenses for the
7-16 purchase of portable classrooms and the hiring of additional
7-17 personnel to accommodate a temporary increase in student enrollment
7-18 attributable to the project;

7-19 (3) must require the property owner to maintain a
7-20 viable presence in the school district for at least three years
7-21 after the date the limitation on appraised value of the owner's
7-22 property expires;

7-23 (4) [~~(3)~~] must provide for the termination of the
7-24 agreement, the recapture of ad valorem tax revenue lost as a result
7-25 of the agreement if the owner of the property fails to comply with
7-26 the terms of the agreement, and payment of a penalty or interest, or
7-27 both, on that recaptured ad valorem tax revenue;

7-28 (5) [~~(4)~~] may specify any conditions the occurrence of
7-29 which will require the district and the property owner to
7-30 renegotiate all or any part of the agreement; and

7-31 (6) [~~(5)~~] must specify the ad valorem tax years
7-32 covered by the agreement.

7-33 (h) The agreement between the governing body of the school
7-34 district and the applicant may provide for a deferral of the date on
7-35 which the qualifying time period for the project is to commence or,
7-36 subsequent to the date the agreement is entered into, be amended to
7-37 provide for such a deferral. This subsection may not be construed
7-38 to permit a qualifying time period that has commenced to continue
7-39 for more than the number of years applicable to the project under
7-40 Section 313.021(4).

7-41 (i) A person and the school district may not enter into an
7-42 agreement under which the person agrees to provide supplemental
7-43 payments to a school district in an amount that exceeds an amount
7-44 equal to \$100 per student per year in average daily attendance, as
7-45 defined by Section 42.005, Education Code, or for a period that
7-46 exceeds the period beginning with the period described by Section
7-47 313.021(4) and ending with the period described by Section
7-48 313.104(2)(B) of this code. This limit does not apply to amounts
7-49 described by Subsection (f)(1) or (2) of this section.

7-50 SECTION 9. Subchapter B, Chapter 313, Tax Code, is amended
7-51 by adding Section 313.0275 to read as follows:

7-52 Sec. 313.0275. RECAPTURE OF AD VALOREM TAX REVENUE LOST.

7-53 (a) Notwithstanding any other provision of this chapter to the
7-54 contrary, a person with whom a school district enters into an
7-55 agreement under this subchapter must make the minimum amount of
7-56 qualified investment during the qualifying time period and create
7-57 the required number of qualifying jobs during each year of the
7-58 agreement.

7-59 (b) If in any tax year a property owner fails to comply with
7-60 Subsection (a), the property owner is liable to this state for a
7-61 penalty equal to the amount computed by subtracting from the market
7-62 value of the property for that tax year the value of the property as
7-63 limited by the agreement and multiplying the difference by the
7-64 maintenance and operations tax rate of the school district for that
7-65 tax year.

7-66 (c) A penalty imposed under Subsection (b) becomes
7-67 delinquent if not paid on or before February 1 of the following tax
7-68 year. Section 33.01 applies to the delinquent penalty in the manner
7-69 that section applies to delinquent taxes.

8-1 SECTION 10. Section 313.028, Tax Code, is amended to read as
 8-2 follows:

8-3 Sec. 313.028. CERTAIN BUSINESS INFORMATION CONFIDENTIAL.
 8-4 Information provided to a school district in connection with an
 8-5 application for a limitation on appraised value under this
 8-6 subchapter that describes the specific processes or business
 8-7 activities to be conducted or the specific tangible personal
 8-8 property to be located on real property covered by the application
 8-9 shall be segregated in the application from other information in
 8-10 the application and is confidential and not subject to public
 8-11 disclosure unless the governing body of the school district
 8-12 approves the application. Other information in the custody of a
 8-13 school district or the comptroller in connection with the
 8-14 application, including information related to the economic impact
 8-15 of a project or the essential elements of eligibility under this
 8-16 chapter, such as the nature and amount of the projected investment,
 8-17 employment, wages, and benefits, may not be considered confidential
 8-18 business information if the governing body of the school district
 8-19 agrees to consider the application. Information in the custody
 8-20 of a school district or the comptroller if the governing body
 8-21 approves the application is not confidential under this section.

8-22 SECTION 11. Section 313.051(a), Tax Code, is amended to
 8-23 read as follows:

8-24 (a) This subchapter applies only to a school district that
 8-25 has territory in:

8-26 (1) an area that qualified as a strategic investment
 8-27 area under Subchapter O, Chapter 171, immediately before that
 8-28 subchapter expired [~~as defined by Section 171.721~~]; or

8-29 (2) a county:

8-30 (A) that has a population of less than 50,000;
 8-31 and

8-32 (B) [~~that is not partially or wholly located in a~~
 8-33 ~~metropolitan statistical area; and~~

8-34 [~~(C)~~] in which, from 1990 to 2000, according to
 8-35 the federal decennial census, the population:

8-36 (i) remained the same;

8-37 (ii) decreased; or

8-38 (iii) increased, but at a rate of not more
 8-39 than three percent per annum.

8-40 SECTION 12. Sections 313.103 and 313.104, Tax Code, are
 8-41 amended to read as follows:

8-42 Sec. 313.103. APPLICATION. (a) An application for a tax
 8-43 credit under this subchapter must be made to the governing body of
 8-44 the school district to which the ad valorem taxes were paid. The
 8-45 application must be:

8-46 (1) made on the form prescribed for that purpose by the
 8-47 comptroller and verified by the applicant; and

8-48 (2) accompanied by:

8-49 (A) a tax receipt from the collector of taxes for
 8-50 the school district showing full payment of school district ad
 8-51 valorem taxes on the qualified property for the applicable
 8-52 qualifying time period; and

8-53 (B) any other document or information that the
 8-54 comptroller or the governing body considers necessary for a
 8-55 determination of the applicant's eligibility for the credit or the
 8-56 amount of the credit [~~and~~

8-57 [~~(3) filed before September 1 of the year immediately~~
 8-58 ~~following the applicable qualifying time period].~~

8-59 (b) An application for a tax credit under this subchapter or
 8-60 any information provided by the school district to the Texas
 8-61 Education Agency under Section 42.2515, Education Code, is not
 8-62 confidential.

8-63 Sec. 313.104. ACTION ON APPLICATION; GRANT OF
 8-64 CREDIT. Before granting [~~the 90th day after the date~~] the
 8-65 application for a tax credit [~~is filed~~], the governing body of the
 8-66 school district shall:

8-67 (1) determine the person's eligibility for a tax
 8-68 credit under this subchapter; and

8-69 (2) if the person's application is approved, by order

9-1 or resolution direct the collector of taxes for the school
9-2 district:

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

9-12 (B) in the first three tax years that begin on or
9-13 after the date the person's eligibility for the limitation under
9-14 Subchapter B or C expires, to credit against the taxes imposed on
9-15 the qualified property by the district an amount equal to the
9-16 portion of the total amount of tax credit to which the person is
9-17 entitled under Section 313.102 that was not credited against the
9-18 person's taxes under Paragraph (A) in a tax year covered by
9-19 Paragraph (A), except that the amount of a tax credit granted under
9-20 this paragraph in any tax year may not exceed the total amount of ad
9-21 valorem school taxes imposed on the qualified property by the
9-22 school district in that tax year.

9-23 SECTION 13. Section 403.302(d), Government Code, is amended
9-24 to read as follows:

9-25 (d) For the purposes of this section, "taxable value" means
9-26 the market value of all taxable property less:

9-27 (1) the total dollar amount of any residence homestead
9-28 exemptions lawfully granted under Section 11.13(b) or (c), Tax
9-29 Code, in the year that is the subject of the study for each school
9-30 district;

9-31 (2) one-half of the total dollar amount of any
9-32 residence homestead exemptions granted under Section 11.13(n), Tax
9-33 Code, in the year that is the subject of the study for each school
9-34 district;

9-35 (3) the total dollar amount of any exemptions granted
9-36 before May 31, 1993, within a reinvestment zone under agreements
9-37 authorized by Chapter 312, Tax Code;

9-38 (4) subject to Subsection (e), the total dollar amount
9-39 of any captured appraised value of property that:

9-40 (A) is within a reinvestment zone created on or
9-41 before May 31, 1999, or is proposed to be included within the
9-42 boundaries of a reinvestment zone as the boundaries of the zone and
9-43 the proposed portion of tax increment paid into the tax increment
9-44 fund by a school district are described in a written notification
9-45 provided by the municipality or the board of directors of the zone
9-46 to the governing bodies of the other taxing units in the manner
9-47 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
9-48 within the boundaries of the zone as those boundaries existed on
9-49 September 1, 1999, including subsequent improvements to the
9-50 property regardless of when made;

9-51 (B) generates taxes paid into a tax increment
9-52 fund created under Chapter 311, Tax Code, under a reinvestment zone
9-53 financing plan approved under Section 311.011(d), Tax Code, on or
9-54 before September 1, 1999; and

9-55 (C) is eligible for tax increment financing under
9-56 Chapter 311, Tax Code;

9-57 (5) for a school district for which a deduction from
9-58 taxable value is made under Subdivision (4), an amount equal to the
9-59 taxable value required to generate revenue when taxed at the school
9-60 district's current tax rate in an amount that, when added to the
9-61 taxes of the district paid into a tax increment fund as described by
9-62 Subdivision (4)(B), is equal to the total amount of taxes the
9-63 district would have paid into the tax increment fund if the district
9-64 levied taxes at the rate the district levied in 2005;

9-65 (6) the total dollar amount of any captured appraised
9-66 value of property that:

9-67 (A) is within a reinvestment zone:

9-68 (i) created on or before December 31, 2008,
9-69 by a municipality with a population of less than 18,000; and

10-1 (ii) the project plan for which includes
10-2 the alteration, remodeling, repair, or reconstruction of a
10-3 structure that is included on the National Register of Historic
10-4 Places and requires that a portion of the tax increment of the zone
10-5 be used for the improvement or construction of related facilities
10-6 or for affordable housing;

10-7 (B) generates school district taxes that are paid
10-8 into a tax increment fund created under Chapter 311, Tax Code; and

10-9 (C) is eligible for tax increment financing under
10-10 Chapter 311, Tax Code;

10-11 (7) the total dollar amount of any exemptions granted
10-12 under Section 11.251 or 11.253, Tax Code;

10-13 (8) the difference between the comptroller's estimate
10-14 of the market value and the productivity value of land that
10-15 qualifies for appraisal on the basis of its productive capacity,
10-16 except that the productivity value estimated by the comptroller may
10-17 not exceed the fair market value of the land;

10-18 (9) the portion of the appraised value of residence
10-19 homesteads of individuals who receive a tax limitation under
10-20 Section 11.26, Tax Code, on which school district taxes are not
10-21 imposed in the year that is the subject of the study, calculated as
10-22 if the residence homesteads were appraised at the full value
10-23 required by law;

10-24 (10) a portion of the market value of property not
10-25 otherwise fully taxable by the district at market value because of:

10-26 (A) action required by statute or the
10-27 constitution of this state that, if the tax rate adopted by the
10-28 district is applied to it, produces an amount equal to the
10-29 difference between the tax that the district would have imposed on
10-30 the property if the property were fully taxable at market value and
10-31 the tax that the district is actually authorized to impose on the
10-32 property, if this subsection does not otherwise require that
10-33 portion to be deducted; or

10-34 (B) action taken by the district under Subchapter
10-35 B or C, Chapter 313, Tax Code, before the expiration of the
10-36 subchapter;

10-37 (11) the market value of all tangible personal
10-38 property, other than manufactured homes, owned by a family or
10-39 individual and not held or used for the production of income;

10-40 (12) the appraised value of property the collection of
10-41 delinquent taxes on which is deferred under Section 33.06, Tax
10-42 Code;

10-43 (13) the portion of the appraised value of property
10-44 the collection of delinquent taxes on which is deferred under
10-45 Section 33.065, Tax Code; and

10-46 (14) the amount by which the market value of a
10-47 residence homestead to which Section 23.23, Tax Code, applies
10-48 exceeds the appraised value of that property as calculated under
10-49 that section.

10-50 SECTION 14. Section 313.029, Tax Code, is repealed.

10-51 SECTION 15. Sections 313.021(1)(A), (2), and (5),
10-52 313.024(e), and 313.025(a), Tax Code, as amended by this Act, are
10-53 intended to clarify rather than change existing law. The
10-54 clarification made by Section 313.021(5), Tax Code, as amended by
10-55 this Act, is necessary to allow the Texas Workforce Commission to
10-56 implement that subdivision in conformance with the data collection
10-57 requirements imposed by the federal government.

10-58 SECTION 16. (a) Except as provided by Subsection (b) of
10-59 this section:

10-60 (1) this Act takes effect immediately if it receives a
10-61 vote of two-thirds of all the members elected to each house, as
10-62 provided by Section 39, Article III, Texas Constitution; and

10-63 (2) if this Act does not receive the vote necessary for
10-64 immediate effect, this Act takes effect September 1, 2009.

10-65 (b) Sections 313.025(a-1), (h), and (i) and 313.0265, Tax
10-66 Code, as added by this Act, take effect January 1, 2010.

10-67

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