

By: Fletcher

H.B. No. 1685

A BILL TO BE ENTITLED

AN ACT

relating to a credit against the ad valorem taxes imposed by certain taxing units on commercial or industrial real property based on the cost of constructing a building on the property.

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

SECTION 1. Chapter 31, Tax Code, is amended by adding Section 31.038 to read as follows:

Sec. 31.038. TAX CREDIT FOR COSTS OF CONSTRUCTING BUILDING TO BE USED FOR COMMERCIAL OR INDUSTRIAL PURPOSES. (a) This section does not apply to taxes imposed by a school district.

(b) An owner of real property who contracts to have a building constructed on the property that is to be used for commercial or industrial purposes is entitled to a credit against the taxes imposed on the property by a taxing unit.

(c) The amount of the credit under this section to which a property owner is entitled for a tax year is equal to the lesser of:

(1) the amount of taxes that would have been imposed on the property by the taxing unit if the property owner were not entitled to the credit; or

(2) the amount computed by multiplying the total amount of the costs the property owner has contracted to pay to have the building constructed by the product of 0.15 and a fraction the numerator of which is the number of months the building is under active construction during that tax year and the denominator of

1 which is 12.

2 (d) A property owner may not receive a credit under this
3 section against the taxes imposed on property by a taxing unit for
4 more than three tax years, regardless of whether the construction
5 continues for a longer period.

6 (e) To receive a credit under this section, a property owner
7 must file an application with the chief appraiser of the appraisal
8 district in which the property is located. The application must
9 include:

10 (1) a copy of each contract the property owner has
11 entered into to have a building constructed on the property that is
12 to be used for commercial or industrial purposes; and

13 (2) an estimate of the period in which the building is
14 projected to be under active construction.

15 (f) The chief appraiser shall forward a copy of the
16 application to the assessor for each taxing unit. The assessors for
17 the taxing units shall consult with one another as necessary to
18 compute the amount of the credit to be granted by each taxing unit.

19 (g) A credit provided by this section, once allowed, need
20 not be claimed in subsequent years and applies to the property
21 regardless of any subsequent change in ownership of the property,
22 subject to the limitation provided by Subsection (d).

23 (h) A property owner who receives a credit under this
24 section shall notify the appraisal office in writing when the
25 construction of the building is completed.

26 SECTION 2. This Act applies only to ad valorem taxes imposed
27 for a tax year beginning on or after the effective date of this Act.

1 SECTION 3. This Act takes effect January 1, 2012, but only
2 if the constitutional amendment proposed by the 82nd Legislature,
3 Regular Session, 2011, authorizing the legislature to provide for a
4 credit against the ad valorem taxes imposed by certain taxing units
5 on commercial or industrial real property based on the cost of
6 constructing a building on the property is approved by the voters.
7 If that amendment is not approved by the voters, this Act has no
8 effect.