

By: Kolkhorst

H.B. No. 3626

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 313.022(b), Tax Code, is amended to read as follows:

(b) For purposes of determining the required minimum amount of a qualified investment under Section 313.021(2)(A)(iv)(a), and the base ~~[minimum]~~ amount of a limitation on appraised value under Section 313.027(b), school districts to which this subchapter applies are categorized according to the taxable value of property in the district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code, as follows:

CATEGORY	TAXABLE VALUE OF PROPERTY
I	\$10 billion or more
II	\$1 billion or more but less than \$10 billion
III	\$500 million or more but less than \$1 billion
IV	\$100 million or more but less than \$500 million
V	less than \$100 million

SECTION 2. Section 313.027, Tax Code, is amended by amending Subsections (a), (b), (c), (h), and (i) and adding Subsection (j) to read as follows:

(a) If the person's application is approved by the governing body of the school district, for each of the first eight tax years that begin after the applicable qualifying time period, the

appraised value for school district maintenance and operations ad
valorem tax purposes of the person's qualified property as
described in the agreement between the person and the district
entered into under this section in the school district may not
exceed the lesser of:

(1) the market value of the property; or

(2) subject to Subsections ~~[Subsection]~~ (b) and (c),
the amount agreed to by the governing body of the school district.

(b) The amount agreed to by the governing body of a school
district under Subsection (a)(2) must be based on an amount in
accordance with the following, according to the category
established by Section 313.022 to which the school district
belongs:

CATEGORY	<u>BASE</u> [MINIMUM] AMOUNT OF LIMITATION
I	\$100 million
II	\$80 million
III	\$60 million
IV	\$40 million
V	\$20 million

(c) The amount of the appraised value of the property
established in an agreement may not be less than:

(1) for property used for a purpose described by
Section 313.024(b)(1), (2), (3), (4), (6), (7), or (8), the sum of:

(A) the applicable amount listed in Subsection
(b); and

(B) the product of 0.2 and the difference between
the market value of the property as annually determined by the chief

1 appraiser and the applicable amount listed in Subsection (b); and
2 (2) for property used for a purpose described by
3 Section 313.024(b)(5), the sum of:

4 (A) the applicable amount listed in Subsection
5 (b); and

6 (B) the product of 0.5 and the difference between
7 the market value of the property as annually determined by the chief
8 appraiser and the applicable amount listed in Subsection (b). [The
9 limitation amounts listed in Subsection (b) are minimum amounts. A
10 school district, regardless of category, may agree to a greater
11 amount than those amounts.]

12 (h) At any time before the applicant spends an amount that
13 is considered to be a qualified investment, the governing body of
14 the school district and the applicant may amend the agreement to
15 defer the date on which the qualifying time period for the project
16 is to commence. The commencement of the qualifying time period may
17 not be deferred to a date later than the second anniversary of the
18 date the qualifying time period was originally scheduled to end.
19 [The agreement between the governing body of the school district
20 and the applicant may provide for a deferral of the date on which
21 the qualifying time period for the project is to commence or,
22 subsequent to the date the agreement is entered into, be amended to
23 provide for such a deferral.] This subsection may not be construed
24 to permit a qualifying time period that has commenced to continue
25 for more than the number of years applicable to the project under
26 Section 313.021(4). Any amount the applicant spends before the
27 date the qualifying time period commences may not be considered to

be a qualified investment.

(i) A person and the school district may not enter into an agreement if in conjunction with the agreement any payments or other benefits are to be provided by or on behalf of the person in recognition or anticipation of, or in consideration for, the district entering into the agreement, other than payments or benefits authorized under Subsection (f)(1) or (2) ~~[under which the person agrees to provide supplemental payments to a school district in an amount that exceeds an amount equal to \$100 per student per year in average daily attendance, as defined by Section 42.005, Education Code, or for a period that exceeds the period beginning with the period described by Section 313.021(4) and ending with the period described by Section 313.104(2)(B) of this code. This limit does not apply to amounts described by Subsection (f)(1) or (2) of this section].~~

(j) A school district may not enter into an agreement or an amendment to an agreement under this section without the prior approval of the comptroller.

SECTION 3. Section 313.052, Tax Code, is amended to read as follows:

Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. For purposes of determining the required minimum amount of a qualified investment under Section 313.021(2)(A)(iv)(a) and the base ~~[minimum]~~ amount of a limitation on appraised value under this subchapter, school districts to which this subchapter applies are categorized according to the taxable value of industrial property in the district for the preceding tax year determined under

Subchapter M, Chapter 403, Government Code, as follows:

CATEGORY	TAXABLE VALUE OF INDUSTRIAL PROPERTY
I	\$200 million or more
II	\$90 million or more but less than \$200 million
III	\$1 million or more but less than \$90 million
IV	\$100,000 or more but less than \$1 million
V	less than \$100,000

SECTION 4. Section 313.054, Tax Code, is amended to read as follows:

Sec. 313.054. LIMITATION ON APPRAISED VALUE. (a) For a school district to which this subchapter applies, the amount agreed to by the governing body of the district under Section 313.027(a)(2) must be based on an amount in accordance with the following, according to the category established by Section 313.052 to which the school district belongs:

CATEGORY	<u>BASE</u> [MINIMUM] AMOUNT OF LIMITATION
I	\$30 million
II	\$20 million
III	\$10 million
IV	\$5 million
V	\$1 million

(b) The amount of the appraised value of the property established in an agreement may not be less than:

(1) for property used for a purpose described by Section 313.024(b)(1), (2), (3), (4), (6), (7), or (8), the sum of:

(A) the applicable amount listed in Subsection (a); and

1 (B) the product of 0.2 and the difference between
2 the market value of the property as annually determined by the chief
3 appraiser and the applicable amount listed in Subsection (a); and
4 (2) for property used for a purpose described by
5 Section 313.024(b)(5), the sum of:

6 (A) the applicable amount listed in Subsection
7 (a); and

8 (B) the product of 0.5 and the difference between
9 the market value of the property as annually determined by the chief
10 appraiser and the applicable amount listed in Subsection (a). [The
11 ~~limitation amounts listed in Subsection (a) are minimum amounts. A~~
12 ~~school district, regardless of category, may agree to a greater~~
13 ~~amount than those amounts.]~~

14 SECTION 5. Section 42.2515, Education Code, is amended by
15 adding Subsection (a-1) to read as follows:

16 (a-1) Not later than December 1 of each year, the
17 commissioner of education shall submit to the comptroller an
18 estimate of the total amount of additional state aid to which a
19 school district is entitled under this section for the school year
20 beginning in that year.

21 SECTION 6. Section 403.302(d), Government Code, as amended
22 by Chapters 1186 (H.B. 3676) and 1328 (H.B. 3646), Acts of the 81st
23 Legislature, Regular Session, 2009, is reenacted to read as
24 follows:

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

27 (1) the total dollar amount of any residence homestead

1 exemptions lawfully granted under Section 11.13(b) or (c), Tax
2 Code, in the year that is the subject of the study for each school
3 district;

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

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

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

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

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

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

3 (5) the total dollar amount of any captured appraised
4 value of property that:

5 (A) is within a reinvestment zone:

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

8 (ii) the project plan for which includes
9 the alteration, remodeling, repair, or reconstruction of a
10 structure that is included on the National Register of Historic
11 Places and requires that a portion of the tax increment of the zone
12 be used for the improvement or construction of related facilities
13 or for affordable housing;

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

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

18 (6) the total dollar amount of any exemptions granted
19 under Section 11.251 or 11.253, Tax Code;

20 (7) the difference between the comptroller's estimate
21 of the market value and the productivity value of land that
22 qualifies for appraisal on the basis of its productive capacity,
23 except that the productivity value estimated by the comptroller may
24 not exceed the fair market value of the land;

25 (8) the portion of the appraised value of residence
26 homesteads of individuals who receive a tax limitation under
27 Section 11.26, Tax Code, on which school district taxes are not

1 imposed in the year that is the subject of the study, calculated as
2 if the residence homesteads were appraised at the full value
3 required by law;

4 (9) a portion of the market value of property not
5 otherwise fully taxable by the district at market value because of:

6 (A) action required by statute or the
7 constitution of this state that, if the tax rate adopted by the
8 district is applied to it, produces an amount equal to the
9 difference between the tax that the district would have imposed on
10 the property if the property were fully taxable at market value and
11 the tax that the district is actually authorized to impose on the
12 property, if this subsection does not otherwise require that
13 portion to be deducted; or

14 (B) action taken by the district under Subchapter
15 B or C, Chapter 313, Tax Code, before the expiration of the
16 subchapter;

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

20 (11) the appraised value of property the collection of
21 delinquent taxes on which is deferred under Section 33.06, Tax
22 Code;

23 (12) the portion of the appraised value of property
24 the collection of delinquent taxes on which is deferred under
25 Section 33.065, Tax Code; and

26 (13) the amount by which the market value of a
27 residence homestead to which Section 23.23, Tax Code, applies

1 exceeds the appraised value of that property as calculated under
2 that section.

3 SECTION 7. Section 403.302(m), Government Code, as added by
4 Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular
5 Session, 2009, is amended to conform to Section 80, Chapter 1328
6 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009,
7 to read as follows:

8 (m) Subsection (d)(9) [~~(d)(10)~~] does not apply to property
9 that was the subject of an application under Subchapter B or C,
10 Chapter 313, Tax Code, made after May 1, 2009, that the comptroller
11 recommended should be disapproved.

12 SECTION 8. Section 403.302, Government Code, is amended by
13 adding Subsection (p) to read as follows:

14 (p) Notwithstanding Subsection (d)(9), if the estimated
15 statewide levy loss exceeds \$___ million in any year, the
16 comptroller shall reduce the amount of the deduction under
17 Subsection (d)(9) from the market value of the taxable property in
18 each school district for that year based on the proportion that the
19 amount of the deduction under that subsection for each school
20 district bears to the estimated statewide levy loss so that the
21 estimated statewide levy loss does not exceed \$___ million in that
22 year. For purposes of this subsection, "estimated statewide levy
23 loss" means the amount computed by:

24 (1) multiplying the amount deducted under Subsection
25 (d)(9) for each school district in this state for that year by the
26 quotient of the adopted tax rate of the district for that year
27 divided by 100;

1 (2) adding the amounts computed under Subdivision (1)
2 for all of the school districts in this state; and

3 (3) adding the amounts estimated by the commissioner
4 of education and submitted to the comptroller under Section
5 42.2515(a-1), Education Code, for all of the school districts in
6 this state for that year to the amount computed under Subdivision
7 (2).

8 SECTION 9. Chapter 313, Tax Code, as amended by this Act,
9 applies only to an agreement entered into under that chapter on or
10 after the effective date of this Act. An agreement entered into
11 under that chapter before the effective date of this Act is governed
12 by the law in effect on the date the agreement was entered into, and
13 the former law is continued in effect for that purpose.

14 SECTION 10. This Act takes effect immediately if it
15 receives a vote of two-thirds of all the members elected to each
16 house, as provided by Section 39, Article III, Texas Constitution.
17 If this Act does not receive the vote necessary for immediate
18 effect, this Act takes effect September 1, 2011.