

1-1 By: Hilderbran, et al. (Senate Sponsor - Deuell) H.B. No. 3390
 1-2 (In the Senate - Received from the House May 6, 2013;
 1-3 May 7, 2013, read first time and referred to Committee on Economic
 1-4 Development; May 14, 2013, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
 1-6 May 14, 2013, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Deuell	X			
1-9 Hancock	X			
1-10 Birdwell			X	
1-11 Davis	X			
1-12 Eltife	X			
1-13 Fraser	X			
1-14 Watson			X	

1-16 COMMITTEE SUBSTITUTE FOR H.B. No. 3390 By: Deuell

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the Texas Economic Development Act.
 1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-21 SECTION 1. Sections 313.002 and 313.004, Tax Code, are
 1-22 amended to read as follows:
 1-23 Sec. 313.002. FINDINGS. The legislature finds that:
 1-24 (1) many states have enacted aggressive economic
 1-25 development laws designed to attract large employers, create jobs,
 1-26 and strengthen their economies;
 1-27 (2) given Texas' relatively high ad valorem taxes, it
 1-28 is difficult for the state to compete for new capital projects
 1-29 without some kind of temporary limit on ad valorem taxes imposed on
 1-30 new capital investments [the State of Texas has slipped in its
 1-31 national ranking each year between 1993 and 2000 in terms of
 1-32 attracting major new manufacturing facilities to this state];
 1-33 (3) a significant portion of the Texas economy
 1-34 continues to be based in [the] manufacturing and other
 1-35 capital-intensive industries [industry], and their [the] continued
 1-36 growth and overall health serve [of the manufacturing sector
 1-37 serve] the Texas economy well; and
 1-38 (4) without a vibrant, strong manufacturing sector,
 1-39 other sectors of the economy, especially the state's service
 1-40 sector, will also suffer adverse consequences[, and
 1-41 ~~[(5) the current property tax system of this state~~
 1-42 ~~does not favor capital-intensive businesses such as~~
 1-43 ~~manufacturers].~~
 1-44 Sec. 313.004. LEGISLATIVE INTENT. It is the intent of the
 1-45 legislature in enacting this chapter that:
 1-46 (1) economic development decisions should occur at the
 1-47 local level and be consistent with identifiable statewide economic
 1-48 development goals;
 1-49 (2) this chapter should not be construed or
 1-50 interpreted to allow:
 1-51 (A) property owners to pool investments to create
 1-52 sufficiently large investments to qualify for an ad valorem tax
 1-53 benefit or financial benefit provided by this chapter;
 1-54 (B) an applicant for an ad valorem tax benefit or
 1-55 financial benefit provided by this chapter to assert that jobs will
 1-56 be eliminated if certain investments are not made if the assertion
 1-57 is not true; or
 1-58 (C) an entity not subject to the franchise tax
 1-59 imposed by Chapter 171 because of its form of business [a sole
 1-60 proprietorship, partnership, or limited liability partnership] to

2-1 receive an ad valorem tax benefit or financial benefit provided by
2-2 this chapter; and

2-3 (3) in implementing this chapter, school districts
2-4 should:

2-5 (A) strictly interpret the criteria and
2-6 selection guidelines provided by this chapter; and

2-7 (B) approve only those applications for an ad
2-8 valorem tax benefit or financial benefit provided by this chapter
2-9 that:

2-10 (i) enhance the local community;
2-11 (ii) improve the local public education

2-12 system;
2-13 (iii) create high-paying jobs; and

2-14 (iv) advance the economic development goals
2-15 of this state as identified by the Texas Strategic Economic
2-16 Development Planning Commission or its successor.

2-17 SECTION 2. Section 313.021, Tax Code, is transferred to
2-18 Subchapter A, Chapter 313, Tax Code, redesignated as Section
2-19 313.0045, Tax Code, and amended to read as follows:

2-20 Sec. 313.0045 [~~313.021~~]. DEFINITIONS. (a) In this chapter
2-21 [~~subchapter~~]:

2-22 (1) "Qualified investment" means:

2-23 (A) 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, 2002, without regard
2-26 to whether the property is affixed to or incorporated into real
2-27 property, and that is described as Section 1245 property by Section
2-28 1245(a), Internal Revenue Code of 1986;

2-29 (B) tangible personal property that is first
2-30 placed in service in this state during the applicable qualifying
2-31 time period that begins on or after January 1, 2002, without regard
2-32 to whether the property is affixed to or incorporated into real
2-33 property, and that is used in connection with the manufacturing,
2-34 processing, or fabrication in a cleanroom environment of a
2-35 semiconductor product, without regard to whether the property is
2-36 actually located in the cleanroom environment, including:

2-37 (i) integrated systems, fixtures, and
2-38 piping;

2-39 (ii) all property necessary or adapted to
2-40 reduce contamination or to control airflow, temperature, humidity,
2-41 chemical purity, or other environmental conditions or
2-42 manufacturing tolerances; and

2-43 (iii) production equipment and machinery,
2-44 moveable cleanroom partitions, and cleanroom lighting;

2-45 (C) tangible personal property that is first
2-46 placed in service in this state during the applicable qualifying
2-47 time period that begins on or after January 1, 2002, without regard
2-48 to whether the property is affixed to or incorporated into real
2-49 property, and that is used in connection with the operation of a
2-50 nuclear electric power generation facility, including:

2-51 (i) property, including pressure vessels,
2-52 pumps, turbines, generators, and condensers, used to produce
2-53 nuclear electric power; and

2-54 (ii) property and systems necessary to
2-55 control radioactive contamination;

2-56 (D) tangible personal property that is first
2-57 placed in service in this state during the applicable qualifying
2-58 time period that begins on or after January 1, 2002, without regard
2-59 to whether the property is affixed to or incorporated into real
2-60 property, and that is used in connection with operating an
2-61 integrated gasification combined cycle electric generation
2-62 facility, including:

2-63 (i) property used to produce electric power
2-64 by means of a combined combustion turbine and steam turbine
2-65 application using synthetic gas or another product produced by the
2-66 gasification of coal or another carbon-based feedstock; or

2-67 (ii) property used in handling materials to
2-68 be used as feedstock for gasification or used in the gasification
2-69 process to produce synthetic gas or another carbon-based feedstock

3-1 for use in the production of electric power in the manner described
 3-2 by Subparagraph (i);
 3-3 (E) tangible personal property that is first
 3-4 placed in service in this state during the applicable qualifying
 3-5 time period [~~that begins on or after January 1, 2010~~], without
 3-6 regard to whether the property is affixed to or incorporated into
 3-7 real property, and that is used in connection with operating an
 3-8 advanced clean energy project, as defined by Section 382.003,
 3-9 Health and Safety Code; [~~or~~]
 3-10 (F) a building or a permanent, nonremovable
 3-11 component of a building that is built or constructed during the
 3-12 applicable qualifying time period that begins on or after January
 3-13 1, 2002, and that houses tangible personal property described by
 3-14 Paragraph (A), (B), (C), (D), or (E); or
 3-15 (G) an existing building that, as part of a
 3-16 discrete project that increases the value of an existing property,
 3-17 is renovated, expanded, or otherwise improved.
 3-18 (2) "Qualified property" means:
 3-19 (A) land:
 3-20 (i) that is located in an area designated as
 3-21 a reinvestment zone under Chapter 311 or 312 or as an enterprise
 3-22 zone under Chapter 2303, Government Code;
 3-23 (ii) on which a person proposes to
 3-24 construct a new building or erect or affix a new improvement that
 3-25 does not exist before the date the person applies for a limitation
 3-26 on appraised value under this subchapter;
 3-27 (iii) that is not subject to a tax abatement
 3-28 agreement entered into by a school district under Chapter 312; and
 3-29 (iv) on which, in connection with the new
 3-30 building or new improvement described by Subparagraph (ii), the
 3-31 owner or lessee of, or the holder of another possessory interest in,
 3-32 the land proposes to:
 3-33 (a) make a qualified investment in an
 3-34 amount equal to at least the minimum amount required by Section
 3-35 313.023; and
 3-36 (b) create at least 25 new jobs;
 3-37 (B) the new building or other new improvement
 3-38 described by Paragraph (A)(ii); and
 3-39 (C) tangible personal property that:
 3-40 (i) is not subject to a tax abatement
 3-41 agreement entered into by a school district under Chapter 312; and
 3-42 (ii) except for new equipment described in
 3-43 Section 151.318(q) or (q-1), is first placed in service in the new
 3-44 building or in or on the new improvement described by Paragraph
 3-45 (A)(ii), or on the land on which that new building or new
 3-46 improvement is located, if the personal property is ancillary and
 3-47 necessary to the business conducted in that new building or in or on
 3-48 that new improvement.
 3-49 (3) "Qualifying job" means a permanent full-time job
 3-50 that:
 3-51 (A) requires at least 1,600 hours of work a year;
 3-52 (B) is not transferred from one area in this
 3-53 state to another area in this state;
 3-54 (C) is not created to replace a previous
 3-55 employee;
 3-56 (D) is covered by a group health benefit plan
 3-57 that complies with the Patient Protection and Affordable Care Act
 3-58 (Pub. L. No. 111-148) as amended by the Health Care and Education
 3-59 Reconciliation Act of 2010 (Pub. L. No. 111-152), or a successor law
 3-60 [for which the business offers to pay at least 80 percent of the
 3-61 premiums or other charges assessed for employee-only coverage under
 3-62 the plan, regardless of whether an employee may voluntarily waive
 3-63 the coverage]; and
 3-64 (E) pays at least 110 percent of the lesser of:
 3-65 (i) the county average weekly wage for
 3-66 manufacturing jobs in the county where the job is located; or
 3-67 (ii) the county average weekly wage for all
 3-68 jobs in the county where the job is located, if the property owner
 3-69 creates more than 1,000 jobs in that county.

4-1 (4) "Qualifying time period" means:

4-2 (A) the period that begins on the date that a
 4-3 person's application for a limitation on appraised value under this
 4-4 chapter [~~subchapter~~] is approved by the governing body of the
 4-5 school district and ends on December 31 of the second tax year that
 4-6 begins after that date, except as provided by Paragraph (B) or (C)
 4-7 of this subdivision or Section 313.014(h) [~~313.027(h)~~];

4-8 (B) in connection with a nuclear electric power
 4-9 generation facility, the first seven tax years that begin on or
 4-10 after the third anniversary of the date the school district
 4-11 approves the property owner's application for a limitation on
 4-12 appraised value under this chapter [~~subchapter~~], unless a shorter
 4-13 time period is agreed to by the governing body of the school
 4-14 district and the property owner; or

4-15 (C) in connection with an advanced clean energy
 4-16 project, as defined by Section 382.003, Health and Safety Code, the
 4-17 first five tax years that begin on or after the third anniversary of
 4-18 the date the school district approves the property owner's
 4-19 application for a limitation on appraised value under this chapter
 4-20 [~~subchapter~~], unless a shorter time period is agreed to by the
 4-21 governing body of the school district and the property owner.

4-22 (5) "County average weekly wage for manufacturing
 4-23 jobs" means:

4-24 (A) the average weekly wage in a county for
 4-25 manufacturing jobs during the most recent four quarterly periods
 4-26 for which data is available at the time a person submits an
 4-27 application for a limitation on appraised value under this chapter
 4-28 [~~subchapter~~], as computed by the Texas Workforce Commission; or

4-29 (B) the average weekly wage for manufacturing
 4-30 jobs in the region designated for the regional planning commission,
 4-31 council of governments, or similar regional planning agency created
 4-32 under Chapter 391, Local Government Code, in which the county is
 4-33 located during the most recent four quarterly periods for which
 4-34 data is available at the time a person submits an application for a
 4-35 limitation on appraised value under this chapter [~~subchapter~~], as
 4-36 computed by the Texas Workforce Commission.

4-37 (6) "Texas priority project" means a project
 4-38 designated by the governor:

4-39 (A) on which the applicant has committed to
 4-40 expend or allocate a qualified investment of more than \$1 billion;
 4-41 and

4-42 (B) that the governor has certified in a letter
 4-43 provided to the applicant is in the best interest of the state
 4-44 economy.

4-45 (b) Unless this chapter defines a word or phrase used in
 4-46 this chapter, Section 1.04 or any other section of Title 1 or this
 4-47 title that defines the word or phrase or ascribes a meaning to the
 4-48 word or phrase applies to the word or phrase used in this chapter.

4-49 SECTION 3. Section 313.006(a), Tax Code, is amended to read
 4-50 as follows:

4-51 (a) In this section, "impact fee" means a charge or
 4-52 assessment imposed against a qualified property [~~as defined by~~
 4-53 ~~Section 313.021,~~] in order to generate revenue for funding or
 4-54 recouping the costs of capital improvements or facility expansions
 4-55 for water, wastewater, or storm water services or for roads
 4-56 necessitated by or attributable to property that receives a
 4-57 limitation on appraised value under this chapter.

4-58 SECTION 4. Section 313.007, Tax Code, is amended to read as
 4-59 follows:

4-60 Sec. 313.007. EXPIRATION. Subchapters A-1, B, and C [~~and~~
 4-61 ~~D~~] expire December 31, 2020 [~~2014~~].

4-62 SECTION 5. Chapter 313, Tax Code, is amended by adding
 4-63 Subchapter A-1, and a heading is added to that subchapter to read as
 4-64 follows:

4-65 SUBCHAPTER A-1. ELIGIBILITY, APPLICATION, AND REPORTING

4-66 SECTION 6. Sections 313.024, 313.025, 313.026, 313.0265,
 4-67 313.027, 313.0275, 313.028, 313.030, 313.031, and 313.032, Tax
 4-68 Code, are transferred to Subchapter A-1, Chapter 313, Tax Code, as
 4-69 added by this Act, redesignated as Sections 313.011, 313.012,

5-1 313.013, 313.0135, 313.014, 313.0145, 313.015, 313.016, 313.017,
5-2 and 313.018, Tax Code, and amended to read as follows:

5-3 Sec. 313.011 [~~313.024~~]. ELIGIBLE PROPERTY. (a) This
5-4 chapter applies [~~subchapter and Subchapters C and D apply~~] only to
5-5 property owned by an entity to which Chapter 171 applies.

5-6 (b) To be eligible for a limitation on appraised value under
5-7 this chapter [~~subchapter~~], the entity must use the property in
5-8 connection with:

- 5-9 (1) manufacturing;
- 5-10 (2) research and development;
- 5-11 (3) a clean coal project, as defined by Section 5.001,
5-12 Water Code;
- 5-13 (4) an advanced clean energy project, as defined by
5-14 Section 382.003, Health and Safety Code;
- 5-15 (5) renewable energy electric generation;
- 5-16 (6) electric power generation using integrated
5-17 gasification combined cycle technology;
- 5-18 (7) nuclear electric power generation; [~~or~~]
- 5-19 (8) a computer center primarily used in connection
5-20 with one or more activities described by Subdivisions (1) through
5-21 (7) conducted by the entity; or
- 5-22 (9) a Texas priority project.

5-23 (c) For purposes of determining an applicant's eligibility
5-24 for a limitation under this chapter [~~subchapter~~]:

- 5-25 (1) the land on which a building or component of a
5-26 building described by Section 313.0045(a)(1)(E) [~~313.021(1)(E)~~] is
5-27 located is not considered a qualified investment;
- 5-28 (2) property that is leased under a capitalized lease
5-29 may be considered a qualified investment;
- 5-30 (3) property that is leased under an operating lease
5-31 may not be considered a qualified investment; and
- 5-32 (4) property that is owned by a person other than the
5-33 applicant and that is pooled or proposed to be pooled with property
5-34 owned by the applicant may not be included in determining the amount
5-35 of the applicant's qualifying investment.

5-36 (d) To be eligible for a limitation on appraised value under
5-37 this chapter [~~subchapter~~], at least 80 percent of all the new jobs
5-38 created by the property owner must be qualifying jobs [~~as defined by~~
5-39 ~~Section 313.021(3)~~].

5-40 (e) In this section:

- 5-41 (1) "Manufacturing" means an establishment primarily
5-42 engaged in activities described in sectors 31-33 of the 2007 North
5-43 American Industry Classification System.
- 5-44 (2) "Renewable energy electric generation" means an
5-45 establishment primarily engaged in activities described in
5-46 category 221119 of the 1997 North American Industry Classification
5-47 System.
- 5-48 (3) "Integrated gasification combined cycle
5-49 technology" means technology used to produce electricity in a
5-50 combined combustion turbine and steam turbine application using
5-51 synthetic gas or another product produced from the gasification of
5-52 coal or another carbon-based feedstock, including related
5-53 activities such as materials-handling and gasification of coal or
5-54 another carbon-based feedstock.
- 5-55 (4) "Nuclear electric power generation" means
5-56 activities described in category 221113 of the 2002 North American
5-57 Industry Classification System.
- 5-58 (5) "Research and development" means an establishment
5-59 primarily engaged in activities described in category 541710 of the
5-60 2002 North American Industry Classification System.

5-61 (6) "Computer center" means an establishment
5-62 primarily engaged in providing electronic data processing and
5-63 information storage.

5-64 Sec. 313.012 [~~313.025~~]. APPLICATION; ACTION ON
5-65 APPLICATION. (a) The owner or lessee of, or the holder of another
5-66 possessory interest in, any qualified property [~~described by~~
5-67 ~~Section 313.021(2)(A), (B), or (C)~~] may apply to the governing body
5-68 of the school district in which the property is located for a
5-69 limitation on the appraised value for school district maintenance

6-1 and operations ad valorem tax purposes of the person's qualified
 6-2 property. An application must be made on the form prescribed by
 6-3 the comptroller and include the information required by the
 6-4 comptroller, and it must be accompanied by:

6-5 (1) the application fee established by the governing
 6-6 body of the school district;

6-7 (2) information sufficient to show that the real and
 6-8 personal property identified in the application as qualified
 6-9 property meets the applicable criteria established by Section
 6-10 313.0045(a)(2) [~~313.021(2)~~]; and

6-11 (3) information relating to each applicable criterion
 6-12 listed in Section 313.013 [~~313.026~~].

6-13 (a-1) Within seven days of the receipt of each document, the
 6-14 school district shall submit to the comptroller a copy of the
 6-15 application and the agreement between the applicant and the school
 6-16 district. If an economic analysis of the proposed project is
 6-17 submitted to the school district, the district shall submit a copy
 6-18 of the analysis to the comptroller. In addition, the school
 6-19 district shall submit to the comptroller any subsequent revision of
 6-20 or amendment to any of those documents within seven days of its
 6-21 receipt. The comptroller shall publish each document received from
 6-22 the school district under this subsection on the comptroller's
 6-23 Internet website. If the school district maintains a generally
 6-24 accessible Internet website, the district shall provide on its
 6-25 website a link to the location of those documents posted on the
 6-26 comptroller's website in compliance with this subsection. This
 6-27 subsection does not require the comptroller to post information
 6-28 that is confidential under Section 313.015 [~~313.028~~].

6-29 (b) The governing body of a school district is not required
 6-30 to consider an application for a limitation on appraised value that
 6-31 is filed with the governing body under Subsection (a). If the
 6-32 governing body of the school district does elect to consider an
 6-33 application, the governing body shall deliver three copies of the
 6-34 application to the comptroller and request that the comptroller
 6-35 provide an economic impact evaluation of the application to the
 6-36 school district. Except as provided by Subsection (b-1), the
 6-37 comptroller shall conduct or contract with a third person to
 6-38 conduct the evaluation, which shall be completed and provided to
 6-39 the governing body of the school district as soon as practicable.
 6-40 The governing body shall provide to the comptroller or third person
 6-41 any requested information. A methodology to allow comparisons of
 6-42 economic impact for different schedules of the addition of
 6-43 qualified investment or qualified property may be developed as part
 6-44 of the economic impact evaluation. The governing body shall
 6-45 provide a copy of the evaluation to the applicant on request. The
 6-46 comptroller may charge and collect a fee sufficient to cover the
 6-47 costs of providing the economic impact evaluation. The governing
 6-48 body of a school district shall approve or disapprove an
 6-49 application before the 151st day after the date the application is
 6-50 filed, unless the economic impact evaluation has not been received
 6-51 or an extension is agreed to by the governing body and the
 6-52 applicant.

6-53 (b-1) The comptroller shall indicate on one copy of the
 6-54 application the date the comptroller received the application and
 6-55 deliver that copy to the Texas Education Agency. The Texas
 6-56 Education Agency shall determine the effect that the applicant's
 6-57 proposal will have on the number or size of the school district's
 6-58 instructional facilities, as required to be included in the
 6-59 economic impact evaluation by Section 313.013(a)(11)
 6-60 [~~313.026(a)(9)~~], and submit a written report containing the
 6-61 agency's determination to the comptroller. The governing body of
 6-62 the school district shall provide any requested information to the
 6-63 Texas Education Agency. Not later than the 45th day after the date
 6-64 the application indicates that the comptroller received the
 6-65 application, the Texas Education Agency shall make the required
 6-66 determination and submit the agency's written report to the
 6-67 comptroller. A third person contracted by the comptroller to
 6-68 conduct an economic impact evaluation of an application is not
 6-69 required to make a determination that the Texas Education Agency is

7-1 required to make and report to the comptroller under this
7-2 subsection.

7-3 (c) In determining whether to grant an application, the
7-4 governing body of the school district is entitled to request and
7-5 receive assistance from:

7-6 (1) the comptroller;

7-7 (2) the Texas [~~Department of~~] Economic Development and
7-8 Tourism Office;

7-9 (3) the Texas Workforce Investment Council; and

7-10 (4) the Texas Workforce Commission.

7-11 (d) Before the 91st day after the date the comptroller
7-12 receives the copy of the application, the comptroller shall submit
7-13 a recommendation to the governing body of the school district as to
7-14 whether the application should be approved or disapproved. The
7-15 comptroller may recommend to the governing body of the school
7-16 district that the application be approved only if the comptroller
7-17 determines that the limitation on appraised value is a significant
7-18 consideration by the applicant in determining whether to invest
7-19 capital and construct the project in this state.

7-20 (d-1) The governing body of a school district may approve an
7-21 application that the comptroller has recommended should be
7-22 disapproved only if:

7-23 (1) the governing body holds a public hearing the sole
7-24 purpose of which is to consider the application and the
7-25 comptroller's recommendation; and

7-26 (2) at a subsequent meeting of the governing body held
7-27 after the date of the public hearing, at least two-thirds of the
7-28 members of the governing body vote to approve the application.

7-29 (e) Before approving or disapproving an application under
7-30 this chapter [~~subchapter~~] that the governing body elects to
7-31 consider, the governing body of the school district must make a
7-32 written finding as to each criterion listed in Section 313.013
7-33 [~~313.026~~]. The governing body shall deliver a copy of those
7-34 findings to the applicant.

7-35 (f) The governing body may approve an application only if
7-36 the governing body finds that the information in the application is
7-37 true and correct, finds that the applicant is eligible for the
7-38 limitation on the appraised value of the person's qualified
7-39 property, and determines that granting the application is in the
7-40 best interest of the school district and this state.

7-41 (f-1) Notwithstanding any other provision of this chapter
7-42 to the contrary, including Section 313.003(2) or 313.004(3)(A) or
7-43 (B)(iii), the governing body of a school district may waive the new
7-44 jobs creation requirement in Section 313.0045(a)(2)(A)(iv)(b)
7-45 [~~313.021(2)(A)(iv)(b)~~] or 313.051(b) and approve an application if
7-46 the governing body makes a finding that the jobs creation
7-47 requirement exceeds the industry standard for the number of
7-48 employees reasonably necessary for the operation of the facility of
7-49 the property owner that is described in the application.

7-50 (g) The Texas [~~Department of~~] Economic Development and
7-51 Tourism Office or its successor may recommend that a school
7-52 district grant a person a limitation on appraised value under this
7-53 chapter. In determining whether to grant an application, the
7-54 governing body of the school district shall consider any
7-55 recommendation made by the Texas [~~Department of~~] Economic
7-56 Development and Tourism Office or its successor.

7-57 (h) After receiving a copy of the application, the
7-58 comptroller shall determine whether the property meets the
7-59 requirements of Section 313.011 [~~313.024~~] for eligibility for a
7-60 limitation on appraised value under this chapter [~~subchapter~~]. The
7-61 comptroller shall notify the governing body of the school district
7-62 of the comptroller's determination and provide the applicant an
7-63 opportunity for a hearing before the determination becomes final.
7-64 A hearing under this subsection is a contested case hearing and
7-65 shall be conducted by the State Office of Administrative Hearings
7-66 in the manner provided by Section 2003.101, Government Code. The
7-67 applicant has the burden of proof on each issue in the hearing. The
7-68 applicant may seek judicial review of the comptroller's
7-69 determination in a Travis County district court under the

8-1 substantial evidence rule as provided by Subchapter G, Chapter
8-2 2001, Government Code.

8-3 (i) If the comptroller's determination under Subsection (h)
8-4 that the property does not meet the requirements of Section 313.011
8-5 [~~313.024~~] for eligibility for a limitation on appraised value under
8-6 this chapter [~~subchapter~~] becomes final, the comptroller is not
8-7 required to provide an economic impact evaluation of the
8-8 application or to submit a recommendation to the school district as
8-9 to whether the application should be approved or disapproved, and
8-10 the governing body of the school district may not grant the
8-11 application.

8-12 Sec. 313.013 [~~313.026~~]. ECONOMIC IMPACT EVALUATION. (a)
8-13 The economic impact evaluation of the application must include the
8-14 following:

- 8-15 (1) the recommendations of the comptroller;
- 8-16 (2) the name of the school district;
- 8-17 (3) the name of the applicant;
- 8-18 (4) a description of the general nature of the
- 8-19 applicant's investment;

8-20 (5) [~~the relationship between the applicant's industry~~
8-21 ~~and the types of qualifying jobs to be created by the applicant to~~
8-22 ~~the long-term economic growth plans of this state as described in~~
8-23 ~~the strategic plan for economic development submitted by the Texas~~
8-24 ~~Strategic Economic Development Planning Commission under Section~~
8-25 ~~481.033, Government Code, as that section existed before February~~
8-26 ~~1, 1999,~~

8-27 [~~(6)~~] the amount [~~relative level~~] of the applicant's
8-28 intended investment [~~per qualifying job to be created by the~~
8-29 ~~applicant~~];

8-30 (6) [~~(7)~~] the number of qualifying, construction, and
8-31 operations jobs to be created by the applicant;

8-32 (7) [~~(8)~~] the wages, salaries, and benefits to be
8-33 offered by the applicant to qualifying, construction, and
8-34 operations job holders;

8-35 (8) [~~(9)~~] the ability of the applicant to locate or
8-36 relocate in another state or another region of this state;

8-37 (9) [~~(10)~~] the fiscal impact the project will have on
8-38 this state and individual local units of government, including:

8-39 (A) tax and other revenue gains, direct and and
8-40 otherwise [~~or indirect~~], that would be realized during the
8-41 construction and operation of the facility, including [~~qualifying~~
8-42 ~~time period,~~] the limitation period [~~7~~] and a period of time after
8-43 the limitation period considered appropriate by the comptroller;
8-44 and

8-45 (B) economic effects of the project, including
8-46 the impact on jobs and income, direct and otherwise, during the
8-47 construction and operation of the facility, including [~~qualifying~~
8-48 ~~time period,~~] the limitation period [~~7~~] and a period of time after
8-49 the limitation period considered appropriate by the comptroller;

8-50 (10) [~~(11)~~] the economic condition of the region of
8-51 the state at the time the person's application is being considered;

8-52 (11) [~~(12)~~] ~~the number of new facilities built or~~
8-53 ~~expanded in the region during the two years preceding the date of~~
8-54 ~~the application that were eligible to apply for a limitation on~~
8-55 ~~appraised value under this subchapter,~~

8-56 [~~(13)~~] the effect of the applicant's proposal, if
8-57 approved, on the number or size of the school district's
8-58 instructional facilities, as defined by Section 46.001, Education
8-59 Code;

8-60 (12) [~~(14)~~] the projected market value of the
8-61 qualified property of the applicant as determined by the
8-62 comptroller;

8-63 (13) [~~(15)~~] the proposed limitation on appraised
8-64 value for the qualified property of the applicant;

8-65 (14) [~~(16)~~] the projected dollar amount of the taxes
8-66 that would be imposed on the qualified property, for each year of
8-67 the agreement, if the property does not receive a limitation on
8-68 appraised value with assumptions of the projected appreciation or
8-69 depreciation of the investment and projected tax rates clearly

9-1 stated;

9-2 (15) [~~(17)~~] the projected dollar amount of the taxes

9-3 that would be imposed on the qualified property, for each tax year

9-4 of the agreement, if the property receives a limitation on

9-5 appraised value with assumptions of the projected appreciation or

9-6 depreciation of the investment clearly stated;

9-7 (16) [~~(18)~~] the projected effect on the Foundation

9-8 School Program of payments to the district for each year of the

9-9 agreement; and

9-10 (17) [~~(19)~~] ~~the projected future tax credits if the~~

9-11 ~~applicant also applies for school tax credits under Section~~

9-12 ~~313.103; and~~

9-13 [~~(20)~~] the total amount of taxes projected to be lost

9-14 or gained by the district over the life of the agreement computed by

9-15 subtracting the projected taxes stated in Subdivision (15) [~~(17)~~]

9-16 from the projected taxes stated in Subdivision (14) [~~(16)~~].

9-17 (b) The comptroller's recommendations shall be based on the

9-18 criteria listed in Subsection (a) [~~Subsections (a)(5)-(20)~~] and on

9-19 any other information available to the comptroller, including

9-20 information provided by the governing body of the school district

9-21 under Section 313.012(b) [~~313.025(b)~~].

9-22 Sec. 313.0135 [~~313.0265~~]. DISCLOSURE OF APPRAISED VALUE

9-23 LIMITATION INFORMATION. (a) The comptroller shall post on the

9-24 comptroller's Internet website each document or item of information

9-25 the comptroller designates as substantive before the 15th day after

9-26 the date the document or item of information was received or

9-27 created. Each document or item of information must continue to be

9-28 posted until the appraised value limitation expires.

9-29 (b) The comptroller shall designate the following as

9-30 substantive:

9-31 (1) each application requesting a limitation on

9-32 appraised value; and

9-33 (2) the economic impact evaluation made in connection

9-34 with the application [~~and~~

9-35 [~~(3) each application requesting school tax credits~~

9-36 ~~under Section 313.103].~~

9-37 (c) If a school district maintains a generally accessible

9-38 Internet website, the district shall maintain a link on its

9-39 Internet website to the area of the comptroller's Internet website

9-40 where information on each of the district's agreements to limit

9-41 appraised value is maintained.

9-42 Sec. 313.014 [~~313.027~~]. LIMITATION ON APPRAISED VALUE;

9-43 AGREEMENT. (a) If the person's application is approved by the

9-44 governing body of the school district, [~~for each of the first eight~~

9-45 ~~tax years that begin after the applicable qualifying time period,~~

9-46 the appraised value for school district maintenance and operations

9-47 ad valorem tax purposes of the person's qualified property as

9-48 described in the agreement between the person and the district

9-49 entered into under this section in the school district may not

9-50 exceed the lesser of:

9-51 (1) the market value of the property; or

9-52 (2) [~~subject to Subsection (b),~~] the amount agreed to

9-53 by the governing body of the school district under Subchapter B or

9-54 C, as applicable.

9-55 (b) The agreement must:

9-56 (1) provide that the limitation under Subsection (a)

9-57 applies for a period of 10 years; and

9-58 (2) specify the beginning date of the limitation,

9-59 which must be January 1 of the first tax year that begins after:

9-60 (A) the application date;

9-61 (B) the qualifying time period; or

9-62 (C) the date commercial operations begin at the

9-63 site of the project. [amount agreed to by the governing body of a

9-64 school district under Subsection (a)(2) must be an amount in

9-65 accordance with the following, according to the category

9-66 established by Section 313.022 to which the school district

9-67 belongs:

9-68 CATEGORY	MINIMUM AMOUNT OF LIMITATION
9-69 ±	\$100 million

10-1	II	\$80 million
10-2	III	\$60 million
10-3	IV	\$40 million
10-4	V	\$20 million]

(c) The limitation amounts prescribed under Subchapter B or C, as applicable, [listed in Subsection (b)] are minimum amounts. A school district, regardless of category, may agree to a greater amount than those amounts.

(d) The governing body of the school district and the property owner shall enter into a written agreement for the implementation of the limitation on appraised value under this chapter [subchapter] on the owner's qualified property.

(e) The agreement must describe with specificity the qualified investment that the person will make on or in connection with the person's qualified property that is subject to the limitation on appraised value under this chapter [subchapter]. Other property of the person that is not specifically described in the agreement is not subject to the limitation unless the governing body of the school district, by official action, provides that the other property is subject to the limitation.

(f) In addition, the agreement:

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

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

(3) must require the property owner to maintain a viable presence in the school district for at least five [three] years after the date the limitation on appraised value of the owner's property expires;

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

(5) may specify any conditions the occurrence of which will require the district and the property owner to renegotiate all or any part of the agreement; and

(6) must specify the ad valorem tax years covered by the agreement.

(g) When appraising a person's qualified property subject to a limitation on appraised value under this section, the chief appraiser shall determine the market value of the property and include both the market value and the appropriate value under Subsection (a) in the appraisal records.

(h) The agreement between the governing body of the school district and the applicant may provide for a deferral of the date on which the qualifying time period for the project is to commence or, subsequent to the date the agreement is entered into, be amended to provide for such a deferral. The agreement may not provide for the deferral of the date on which the qualifying time period is to commence to a date later than January 1 of the fourth tax year that begins after the date the application is approved except that if the agreement is one of a series of agreements related to the same project, the agreement may provide for the deferral of the date on which the qualifying time period is to commence to a date not later than January 1 of the sixth tax year that begins after the date the application is approved. This subsection may not be construed to permit a qualifying time period that has commenced to continue for more than the number of years applicable to the project under Section 313.0045(a)(4) [313.021(4)].

11-1 (i) A person and the school district may not enter into an
 11-2 agreement under which the person agrees to provide supplemental
 11-3 payments to a school district or any other entity on behalf of a
 11-4 school district in an amount that exceeds an amount equal to \$100
 11-5 per student per year in average daily attendance, as defined by
 11-6 Section 42.005, Education Code, or for a period that exceeds the
 11-7 period beginning with the period described by Section
 11-8 313.0045(a)(4) [313.021(4)] and ending December 31 of the third tax
 11-9 year after the date the person's eligibility for a limitation under
 11-10 this chapter expires [with the period described by Section
 11-11 313.104(2)(B) of this code]. This limit does not apply to amounts
 11-12 described by Subsection (f)(1) or (2) [~~of this section~~].

11-13 (j) An agreement under this chapter must disclose any
 11-14 consideration promised in conjunction with the application and the
 11-15 limitation.

11-16 Sec. 313.0145 [313.0275]. RECAPTURE OF AD VALOREM TAX
 11-17 REVENUE LOST. (a) Notwithstanding any other provision of this
 11-18 chapter to the contrary, a person with whom a school district enters
 11-19 into an agreement under this chapter [subchapter] must make the
 11-20 minimum amount of qualified investment [~~during the qualifying time~~
 11-21 ~~period~~] and create the required number of qualifying jobs during
 11-22 each year of the agreement.

11-23 (b) If in any tax year a property owner fails to comply with
 11-24 Subsection (a), the property owner is liable to this state for a
 11-25 penalty equal to the amount computed by subtracting from the market
 11-26 value of the property for that tax year the value of the property as
 11-27 limited by the agreement and multiplying the difference by the
 11-28 maintenance and operations tax rate of the school district for that
 11-29 tax year.

11-30 (c) A penalty imposed under Subsection (b) becomes
 11-31 delinquent if not paid on or before February 1 of the following tax
 11-32 year. Section 33.01 applies to the delinquent penalty in the manner
 11-33 that section applies to delinquent taxes.

11-34 (d) In the event of a casualty loss, a person with whom a
 11-35 school district enters into an agreement under this chapter may
 11-36 request and the school district may grant a waiver of the
 11-37 requirements of this section.

11-38 Sec. 313.015 [313.028]. CERTAIN BUSINESS INFORMATION
 11-39 CONFIDENTIAL. Information provided to a school district in
 11-40 connection with an application for a limitation on appraised value
 11-41 under this chapter [subchapter] that describes the specific
 11-42 processes or business activities to be conducted or the specific
 11-43 tangible personal property to be located on real property covered
 11-44 by the application shall be segregated in the application from
 11-45 other information in the application and is confidential and not
 11-46 subject to public disclosure unless the governing body of the
 11-47 school district approves the application. Other information in the
 11-48 custody of a school district or the comptroller in connection with
 11-49 the application, including information related to the economic
 11-50 impact of a project or the essential elements of eligibility under
 11-51 this chapter, such as the nature and amount of the projected
 11-52 investment, employment, wages, and benefits, may not be considered
 11-53 confidential business information if the governing body of the
 11-54 school district agrees to consider the application. Information in
 11-55 the custody of a school district or the comptroller if the governing
 11-56 body approves the application is not confidential under this
 11-57 section.

11-58 Sec. 313.016 [313.030]. PROPERTY NOT ELIGIBLE FOR TAX
 11-59 ABATEMENT. Property subject to a limitation on appraised value in a
 11-60 tax year under this chapter [subchapter] is not eligible for tax
 11-61 abatement by a school district under Chapter 312 in that tax year.

11-62 Sec. 313.017 [313.031]. RULES AND FORMS; FEES. (a) The
 11-63 comptroller shall:

11-64 (1) adopt rules and forms necessary for the
 11-65 implementation and administration of this chapter, including rules
 11-66 for determining whether a property owner's property qualifies as a
 11-67 qualified investment under Section 313.0045(a)(1) [313.021(1)];
 11-68 and

11-69 (2) provide without charge one copy of the rules and

12-1 forms to any school district and to any person who states that the
 12-2 person intends to apply for a limitation on appraised value under
 12-3 this chapter [~~subchapter or a tax credit under Subchapter D~~].

12-4 (b) The governing body of a school district by official
 12-5 action shall establish reasonable nonrefundable application fees
 12-6 to be paid by property owners who apply to the district for a
 12-7 limitation on the appraised value of the person's property under
 12-8 this chapter [~~subchapter~~]. The amount of an application fee must be
 12-9 reasonable and may not exceed the estimated cost to the district of
 12-10 processing and acting on an application, including the cost of the
 12-11 economic impact evaluation required by Sections 313.012 [~~313.025~~]
 12-12 and 313.013 [~~313.026~~].

12-13 Sec. 313.018 [~~313.032~~]. REPORT ON COMPLIANCE WITH
 12-14 AGREEMENTS. (a) Before the beginning of each regular session of
 12-15 the legislature, the comptroller shall submit to the lieutenant
 12-16 governor, the speaker of the house of representatives, and each
 12-17 other member of the legislature a report on the agreements entered
 12-18 into under this chapter that includes:

12-19 (1) an assessment of the following with regard to the
 12-20 agreements entered into under this chapter, considered in the
 12-21 aggregate:

12-22 (A) the total number of jobs created, direct and
 12-23 otherwise, in this state;

12-24 (B) the total effect on personal income, direct
 12-25 and otherwise, in this state;

12-26 (C) the effect, direct and otherwise, on the
 12-27 total amount of investment in this state;

12-28 (D) the effect, direct and otherwise, on the
 12-29 total taxable value of property on the tax rolls in this state,
 12-30 including property for which the limitation period has expired;

12-31 (E) the total value of property not on the tax
 12-32 rolls in this state as a result of agreements entered into under
 12-33 this chapter; and

12-34 (F) the total fiscal effect, direct and
 12-35 otherwise, on the state and local governments; and

12-36 (2) an assessment of [~~assessing~~] the progress of each
 12-37 agreement made under this chapter that states [~~The report must be~~
 12-38 ~~based on data certified to the comptroller by each recipient of a~~
 12-39 ~~limitation on appraised value under this subchapter and state]~~ for
 12-40 each agreement:

12-41 (A) [~~(1)~~] the number of new qualifying jobs each
 12-42 recipient of a limitation on appraised value committed to create;

12-43 (B) [~~(2)~~] the number of new qualifying jobs each
 12-44 recipient created;

12-45 (C) [~~(3)~~] the total amount of wages [~~median wage~~]
 12-46 of the new jobs each recipient created;

12-47 (D) [~~(4)~~] the amount of the qualified investment
 12-48 each recipient committed to spend or allocate for each project;

12-49 (E) [~~(5)~~] the amount of the [~~qualified~~]
 12-50 investment each recipient spent or allocated for each project;

12-51 (F) [~~(6)~~] the market value of the qualified
 12-52 property of each recipient as determined by the applicable chief
 12-53 appraiser, including property for which the limitation period has
 12-54 expired;

12-55 (G) [~~(7)~~] the limitation on appraised value for
 12-56 the qualified property of each recipient;

12-57 (H) [~~(8)~~] the dollar amount of the taxes that
 12-58 would have been imposed on the qualified property if the property
 12-59 had not received a limitation on appraised value; and

12-60 (I) [~~(9)~~] the dollar amount of the taxes imposed
 12-61 on the qualified property [~~+~~]

12-62 [~~(10)~~] the number of new jobs created by each recipient
 12-63 in each sector of the North American Industry Classification
 12-64 System; and

12-65 [~~(11)~~] of the number of new jobs each recipient
 12-66 created, the number of jobs created that provide health benefits
 12-67 for employees].

12-68 (b) The report may not include information that is
 12-69 confidential by law.

13-1 (b-1) In preparing the portion of the report described by
13-2 Subsection (a)(1), the comptroller may use standard economic
13-3 estimation techniques, including economic multipliers.

13-4 (c) The portion of the report described by Subsection (a)(2)
13-5 must be based on data certified to the comptroller by each recipient
13-6 of a limitation on appraised value under this chapter. The
13-7 comptroller may require a recipient to submit, on a form the
13-8 comptroller provides, information required to prepare [complete]
13-9 the portion of the report described by that subdivision.

13-10 SECTION 7. The heading to Subchapter B, Chapter 313, Tax
13-11 Code, is amended to read as follows:

13-12 SUBCHAPTER B. GENERAL LIMITATION ON APPRAISED VALUE OF CERTAIN
13-13 PROPERTY USED TO CREATE JOBS

13-14 SECTION 8. Section 313.022(b), Tax Code, is amended to read
13-15 as follows:

13-16 (b) For purposes of determining the required minimum amount
13-17 of a qualified investment under Section 313.0045(a)(2)(A)(iv)(a)
13-18 [~~313.021(2)(A)(iv)(a)~~], and the minimum amount of a limitation on
13-19 appraised value under this subchapter [~~Section 313.027(b)~~], school
13-20 districts to which this subchapter applies are categorized
13-21 according to the taxable value of property in the district for the
13-22 preceding tax year determined under Subchapter M, Chapter 403,
13-23 Government Code, as follows:

13-24	CATEGORY	TAXABLE VALUE OF PROPERTY
13-25	I	\$10 billion or more
13-26	II	\$1 billion or more but less than \$10 billion
13-27	III	\$500 million or more but less than \$1 billion
13-28	IV	\$100 million or more but less than \$500 million
13-29	V	less than \$100 million

13-30 SECTION 9. Section 313.023, Tax Code, is amended to read as
13-31 follows:

13-32 Sec. 313.023. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. For
13-33 each category of school district established by Section 313.022,
13-34 the minimum amount of a qualified investment under Section
13-35 313.0045(a)(2)(A)(iv)(a) [~~313.021(2)(A)(iv)(a)~~] is as follows:

13-36	CATEGORY	MINIMUM QUALIFIED INVESTMENT
13-37	I	\$100 million
13-38	II	\$80 million
13-39	III	\$60 million
13-40	IV	\$40 million
13-41	V	\$20 million

13-42 SECTION 10. Subchapter B, Chapter 313, Tax Code, is amended
13-43 by adding Section 313.0235 to read as follows:

13-44 Sec. 313.0235. LIMITATION ON APPRAISED VALUE. For a school
13-45 district to which this subchapter applies, the amount agreed to by
13-46 the governing body of the school district must be an amount in
13-47 accordance with the following, according to the category
13-48 established by Section 313.022 to which the school district
13-49 belongs:

13-50	<u>CATEGORY</u>	<u>MINIMUM AMOUNT OF LIMITATION</u>
13-51	<u>I</u>	<u>\$100 million</u>
13-52	<u>II</u>	<u>\$80 million</u>
13-53	<u>III</u>	<u>\$60 million</u>
13-54	<u>IV</u>	<u>\$40 million</u>
13-55	<u>V</u>	<u>\$20 million</u>

13-56 SECTION 11. The heading to Subchapter C, Chapter 313, Tax
13-57 Code, is amended to read as follows:

13-58 SUBCHAPTER C. LIMITATION ON APPRAISED VALUE OF PROPERTY IN CERTAIN
13-59 [RURAL] SCHOOL DISTRICTS

13-60 SECTION 12. Sections 313.051(a) and (b), Tax Code, are
13-61 amended to read as follows:

13-62 (a) This subchapter applies only to a school district that
13-63 has territory in:

- 13-64 (1) an area located in:
 - 13-65 (A) a county with unemployment above the state
 - 13-66 average and per capita income below the state average;
 - 13-67 (B) a federally designated urban enterprise
 - 13-68 community or an urban enhanced enterprise community; or
 - 13-69 (C) a defense economic readjustment zone

14-1 designated under Chapter 2310, Government Code [~~that qualified as a~~
14-2 ~~strategic investment area under Subchapter O, Chapter 171,~~
14-3 ~~immediately before that subchapter expired]; or~~

14-4 (2) a county:
14-5 (A) that has a population of less than 50,000;
14-6 and
14-7 (B) in which, during the decade preceding [~~from~~
14-8 ~~1990 to 2000, according to~~] the most recent federal decennial
14-9 census, the population:

14-10 (i) remained the same;
14-11 (ii) decreased; or
14-12 (iii) increased, but at a rate of not more
14-13 than three percent per annum.

14-14 (b) [~~The governing body of a school district to which this~~
14-15 ~~subchapter applies may enter into an agreement in the same manner as~~
14-16 ~~a school district to which Subchapter B applies may do so under~~
14-17 ~~Subchapter B, subject to Sections 313.052-313.054.] Except as~~
14-18 ~~otherwise provided by this subchapter, the provisions of Subchapter~~
14-19 ~~A-1 [B] apply to a school district to which this subchapter~~
14-20 ~~applies. For purposes of this subchapter, a property owner is~~
14-21 ~~required to create only at least 10 new jobs on the owner's~~
14-22 ~~qualified property. At least 80 percent of all the new jobs created~~
14-23 ~~must be qualifying jobs [as defined by Section 313.021(3)], except~~
14-24 ~~that, for a school district described by Subsection (a)(2), each~~
14-25 ~~qualifying job must pay at least 110 percent of the average weekly~~
14-26 ~~wage for manufacturing jobs in the region designated for the~~
14-27 ~~regional planning commission, council of governments, or similar~~
14-28 ~~regional planning agency created under Chapter 391, Local~~
14-29 ~~Government Code, in which the district is located.~~

14-30 SECTION 13. Sections 313.052 and 313.053, Tax Code, are
14-31 amended to read as follows:

14-32 Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. For
14-33 purposes of determining the required minimum amount of a qualified
14-34 investment under Section 313.0045(a)(2)(A)(iv)(a)
14-35 [~~313.021(2)(A)(iv)(a)~~] and the minimum amount of a limitation on
14-36 appraised value under this subchapter, school districts to which
14-37 this subchapter applies are categorized according to the taxable
14-38 value of industrial property in the district for the preceding tax
14-39 year determined under Subchapter M, Chapter 403, Government Code,
14-40 as follows:

14-41	CATEGORY	TAXABLE VALUE OF INDUSTRIAL PROPERTY
14-42	I	\$200 million or more
14-43	II	\$90 million or more but less than \$200 million
14-44	III	\$1 million or more but less than \$90 million
14-45	IV	\$100,000 or more but less than \$1 million
14-46	V	less than \$100,000

14-47 Sec. 313.053. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. For
14-48 each category of school district established by Section 313.052,
14-49 the minimum amount of a qualified investment under Section
14-50 313.0045(a)(2)(A)(iv)(a) [~~313.021(2)(A)(iv)(a)~~] is as follows:

14-51	CATEGORY	MINIMUM QUALIFIED INVESTMENT
14-52	I	\$30 million
14-53	II	\$20 million
14-54	III	\$10 million
14-55	IV	\$5 million
14-56	V	\$1 million

14-57 SECTION 14. Section 313.054(a), Tax Code, is amended to
14-58 read as follows:

14-59 (a) For a school district to which this subchapter applies,
14-60 the amount agreed to by the governing body of the district [~~under~~
14-61 ~~Section 313.027(a)(2)~~] must be an amount in accordance with the
14-62 following, according to the category established by Section 313.052
14-63 to which the school district belongs:

14-64	CATEGORY	MINIMUM AMOUNT OF LIMITATION
14-65	I	\$30 million
14-66	II	\$20 million
14-67	III	\$10 million
14-68	IV	\$5 million
14-69	V	\$1 million

15-1 SECTION 15. The heading to Subchapter E, Chapter 313, Tax
15-2 Code, is amended to read as follows:

15-3 SUBCHAPTER E. EFFECT [~~AVAILABILITY~~] OF [~~TAX CREDIT AFTER~~] PROGRAM
15-4 EXPIRATION OR REPEAL [~~EXPIRES~~]

15-5 SECTION 16. Section 313.171, Tax Code, is amended to read as
15-6 follows:

15-7 Sec. 313.171. SAVING PROVISIONS. (a) A limitation on
15-8 appraised value approved under Subchapter A-1, B, or C before the
15-9 expiration of that subchapter continues in effect according to that
15-10 subchapter as that subchapter existed immediately before its
15-11 expiration, and that law is continued in effect for purposes of the
15-12 limitation on appraised value.

15-13 (b) The repeal [~~expiration~~] of Subchapter D does not affect
15-14 a property owner's entitlement to a tax credit granted under
15-15 Subchapter D if the property owner qualified for the tax credit
15-16 before the repeal [~~expiration~~] of Subchapter D.

15-17 SECTION 17. Section 42.2515(a), Education Code, is amended
15-18 to read as follows:

15-19 (a) For each school year, a school district, including a
15-20 school district that is otherwise ineligible for state aid under
15-21 this chapter, is entitled to state aid in an amount equal to the
15-22 amount of all tax credits credited against ad valorem taxes of the
15-23 district in that year under former Subchapter D, Chapter 313, Tax
15-24 Code.

15-25 SECTION 18. Section 42.302(e), Education Code, is amended
15-26 to read as follows:

15-27 (e) For purposes of this section, school district taxes for
15-28 which credit is granted under former Subchapter D, Chapter 313, Tax
15-29 Code, are considered taxes collected by the school district as if
15-30 the taxes were paid when the credit for the taxes was granted.

15-31 SECTION 19. The following provisions of the Tax Code are
15-32 repealed:

- 15-33 (1) Sections 313.005, 313.008, and 313.009; and
- 15-34 (2) Subchapter D, Chapter 313.

15-35 SECTION 20. Chapter 313, Tax Code, as amended by this Act,
15-36 applies only to an application filed under that chapter on or after
15-37 the effective date of this Act. An application filed under that
15-38 chapter before the effective date of this Act is governed by the law
15-39 in effect on the date the application was filed, and the former law
15-40 is continued in effect for that purpose.

15-41 SECTION 21. This Act takes effect January 1, 2014.

15-42 * * * * *