

By: Deuell

S.B. No. 1647

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 313.002, Tax Code, is amended to read as follows:

Sec. 313.002. FINDINGS. The legislature finds that:

(1) many states have enacted aggressive economic development laws designed to attract large employers, create jobs, and strengthen their economies;

(2) given Texas' relatively high property taxes, it is difficult for the state to compete for new capital projects without some type of temporary limits on property taxes levied on new investment [~~the State of Texas has slipped in its national ranking each year between 1993 and 2000 in terms of attracting major new manufacturing facilities to this state~~];

(3) a significant portion of the Texas economy continues to be based in [~~the~~] manufacturing and other capital-intensive industries [~~industry~~], and their [~~the~~] continued growth and overall health [~~of the manufacturing sector~~] serves the Texas economy well; and

(4) without a vibrant, strong manufacturing sector, other sectors of the economy, especially the state's service sector, will also suffer adverse consequences[~~, and~~

[~~(5) the current property tax system of this state~~

1 ~~does not favor capital-intensive businesses such as~~
2 ~~manufacturers]~~.

3 SECTION 2. Section 313.004, Tax Code, is amended to read as
4 follows:

5 Sec. 313.004. LEGISLATIVE INTENT. It is the intent of the
6 legislature in enacting this chapter that:

7 (1) economic development decisions should occur at the
8 local level and be consistent with identifiable statewide economic
9 development goals;

10 (2) this chapter should not be construed or
11 interpreted to allow:

12 (A) property owners to pool investments to create
13 sufficiently large investments to qualify for an ad valorem tax
14 benefit or financial benefit provided by this chapter;

15 (B) an applicant for an ad valorem tax benefit or
16 financial benefit provided by this chapter to assert that jobs will
17 be eliminated if certain investments are not made if the assertion
18 is not true; or

19 (C) an entity not subject to the franchise tax
20 imposed under Chapter 171 by virtue of its form of business [~~a sole~~
21 ~~proprietorship, partnership, or limited liability partnership]~~ to
22 receive an ad valorem tax benefit or financial benefit provided by
23 this chapter; and

24 (3) in implementing this chapter, school districts
25 should:

26 (A) strictly interpret the criteria and
27 selection guidelines provided by this chapter; and

1 (B) approve only those applications for an ad
2 valorem tax benefit or financial benefit provided by this chapter
3 that:

- 4 (i) enhance the local community;
5 (ii) improve the local public education
6 system;
7 (iii) create high-paying jobs; and
8 (iv) advance the economic development goals
9 of this state as identified by the Texas Strategic Economic
10 Development Planning Commission or its successor.

11 SECTION 3. Section 313.021, Tax Code, is transferred to
12 Subchapter A, Chapter 313, Tax Code, redesignated as Section
13 313.0045, Tax Code, and amended to read as follows:

14 Sec. 313.0045 [~~313.021~~]. DEFINITIONS. (a) In this
15 chapter [~~subchapter~~]:

16 (1) "Qualified investment" means:

17 (A) tangible personal property that is first
18 placed in service in this state during the applicable qualifying
19 time period that begins on or after January 1, 2002, without regard
20 to whether the property is affixed to or incorporated into real
21 property, and that is described as Section 1245 property by Section
22 1245(a), Internal Revenue Code of 1986;

23 (B) tangible personal property that is first
24 placed in service in this state during the applicable qualifying
25 time period that begins on or after January 1, 2002, without regard
26 to whether the property is affixed to or incorporated into real
27 property, and that is used in connection with the manufacturing,

1 processing, or fabrication in a cleanroom environment of a
2 semiconductor product, without regard to whether the property is
3 actually located in the cleanroom environment, including:

4 (i) integrated systems, fixtures, and
5 piping;

6 (ii) all property necessary or adapted to
7 reduce contamination or to control airflow, temperature, humidity,
8 chemical purity, or other environmental conditions or
9 manufacturing tolerances; and

10 (iii) production equipment and machinery,
11 moveable cleanroom partitions, and cleanroom lighting;

12 (C) tangible personal property that is first
13 placed in service in this state during the applicable qualifying
14 time period that begins on or after January 1, 2002, without regard
15 to whether the property is affixed to or incorporated into real
16 property, and that is used in connection with the operation of a
17 nuclear electric power generation facility, including:

18 (i) property, including pressure vessels,
19 pumps, turbines, generators, and condensers, used to produce
20 nuclear electric power; and

21 (ii) property and systems necessary to
22 control radioactive contamination;

23 (D) tangible personal property that is first
24 placed in service in this state during the applicable qualifying
25 time period that begins on or after January 1, 2002, without regard
26 to whether the property is affixed to or incorporated into real
27 property, and that is used in connection with operating an

1 integrated gasification combined cycle electric generation
2 facility, including:

3 (i) property used to produce electric power
4 by means of a combined combustion turbine and steam turbine
5 application using synthetic gas or another product produced by the
6 gasification of coal or another carbon-based feedstock; or

7 (ii) property used in handling materials to
8 be used as feedstock for gasification or used in the gasification
9 process to produce synthetic gas or another carbon-based feedstock
10 for use in the production of electric power in the manner described
11 by Subparagraph (i);

12 (E) tangible personal property that is first
13 placed in service in this state during the applicable qualifying
14 time period [~~that begins on or after January 1, 2010~~], without
15 regard to whether the property is affixed to or incorporated into
16 real property, and that is used in connection with operating an
17 advanced clean energy project, as defined by Section 382.003,
18 Health and Safety Code; [~~or~~]

19 (F) a building or a permanent, nonremovable
20 component of a building that is built or constructed during the
21 applicable qualifying time period that begins on or after January
22 1, 2002, and that houses tangible personal property described by
23 Paragraph (A), (B), (C), (D), or (E); or

24 (G) a renovation, expansion, or other
25 improvement to an existing building as part of a discrete project
26 that increases the value of an existing property.

27 (2) "Qualified property" means:

1 (A) land:

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

5 (ii) on which a person proposes to
6 construct a new building or erect or affix a new improvement that
7 does not exist before the date the person applies for a limitation
8 on appraised value under this subchapter;

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

11 (iv) on which, in connection with the new
12 building or [~~new~~] improvement described by Subparagraph (ii), the
13 owner or lessee of, or the holder of another possessory interest in,
14 the land proposes to:

15 (a) make a qualified investment in an
16 amount equal to at least the minimum amount required by Section
17 313.023; and

18 (b) create at least 25 new jobs;

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

21 (C) tangible personal property that:

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

24 (ii) except for new equipment described in
25 Section 151.318(q) or (q-1), is first placed in service in the new
26 building or in or on the new improvement described by Paragraph
27 (A)(ii), or on the land on which that new building or new

1 improvement is located, if the personal property is ancillary and
2 necessary to the business conducted in that new building or in or on
3 that new improvement.

4 (3) "Qualifying job" means a permanent full-time job
5 that:

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

7 (B) is not transferred from one area in this
8 state to another area in this state;

9 (C) is not created to replace a previous
10 employee;

11 (D) complies with the Patient Protection and
12 Affordable Care Act (Pub. L. No. 111-148) or a successor law [~~is~~
13 ~~covered by a group health benefit plan for which the business offers~~
14 ~~to pay at least 80 percent of the premiums or other charges assessed~~
15 ~~for employee-only coverage under the plan, regardless of whether an~~
16 ~~employee may voluntarily waive the coverage~~]; and

17 (E) pays at least 110 percent of the lessor of:

18 (i) the county average weekly wage for
19 manufacturing jobs in the county where the job is located; or

20 (ii) the county average weekly wage for all
21 jobs in the county where the job is located, if the property owner
22 creates more than 1,000 jobs in that county.

23 (4) "Qualifying time period" means:

24 (A) the period that begins on the date that a
25 person's application for a limitation on appraised value under this
26 chapter [~~subchapter~~] is approved by the governing body of the
27 school district and ends on December 31 of the second tax year that

1 begins after that date, except as provided by Paragraph (B) or (C)
2 of this subdivision or Section 313.014(h) [~~313.027(h)~~];

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

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

17 (5) "County average weekly wage for manufacturing
18 jobs" means:

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

24 (B) the average weekly wage for manufacturing
25 jobs in the region designated for the regional planning commission,
26 council of governments, or similar regional planning agency created
27 under Chapter 391, Local Government Code, in which the county is

1 located during the most recent four quarterly periods for which
2 data is available at the time a person submits an application for a
3 limitation on appraised value under this chapter [~~subchapter~~], as
4 computed by the Texas Workforce Commission.

5 (6) "Texas priority project" means a project
6 designated by the governor:

7 (A) that has a qualified investment in excess of
8 \$1 billion;

9 (B) that the governor determines is in the best
10 interest of the state economy; and

11 (C) for which the governor certifies the
12 designation in writing to the entity applying for a limitation
13 under this chapter.

14 (b) Unless this chapter defines a word or phrase used in
15 this chapter, Section 1.04 or any other section of Title 1 or this
16 title that defines the word or phrase or ascribes a meaning to the
17 word or phrase applies to the word or phrase used in this chapter.

18 SECTION 4. Subsection (a), Section 313.006, Tax Code, is
19 amended to read as follows:

20 (a) In this section, "impact fee" means a charge or
21 assessment imposed against a qualified property [~~as defined by~~
22 ~~Section 313.021,~~] in order to generate revenue for funding or
23 recouping the costs of capital improvements or facility expansions
24 for water, wastewater, or storm water services or for roads
25 necessitated by or attributable to property that receives a
26 limitation on appraised value under this chapter.

27 SECTION 5. Section 313.007, Tax Code, is amended to read as

1 follows:

2 Sec. 313.007. EXPIRATION. Subchapters (A-1), B, and C [~~7~~
3 ~~and D~~] expire December 31, 2024 [2014].

4 SECTION 6. Chapter 313, Tax Code, is amended by adding
5 Subchapter A-1, and a heading is added to that subchapter to read as
6 follows:

7 SUBCHAPTER A-1. ELIGIBILITY; APPLICATION AND REPORTING

8 SECTION 7. Sections 313.024, 313.025, 313.026, 313.0265,
9 313.027, 313.0275, 313.028, 313.030, 313.031, and 313.032, Tax
10 Code, are transferred to Subchapter A-1, Chapter 313, Tax Code, as
11 added by this Act, and redesignated as Sections 313.011, 313.012,
12 313.013, 313.0135, 313.014, 313.0145, 313.015, 313.016, 313.017,
13 and 313.018, Tax Code, respectively, and amended to read as
14 follows:

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

18 (b) To be eligible for a limitation on appraised value under
19 this chapter [~~subchapter~~], the entity must use the property in
20 connection with:

- 21 (1) manufacturing;
- 22 (2) research and development;
- 23 (3) a clean coal project, as defined by Section 5.001,
24 Water Code;
- 25 (4) an advanced clean energy project, as defined by
26 Section 382.003, Health and Safety Code;
- 27 (5) renewable energy electric generation;

1 (6) electric power generation using integrated
2 gasification combined cycle technology;

3 (7) nuclear electric power generation; ~~[or]~~

4 (8) a computer center primarily used in connection
5 with one or more activities described by Subdivisions (1) through
6 (7) conducted by the entity; or

7 (9) a Texas priority project.

8 (c) For purposes of determining an applicant's eligibility
9 for a limitation under this chapter ~~[subchapter]~~:

10 (1) the land on which a building or component of a
11 building described by Section 313.0045(a)(1)(E) ~~[313.021(1)(E)]~~ is
12 located is not considered a qualified investment;

13 (2) property that is leased under a capitalized lease
14 may be considered a qualified investment;

15 (3) property that is leased under an operating lease
16 may not be considered a qualified investment; and

17 (4) property that is owned by a person other than the
18 applicant and that is pooled or proposed to be pooled with property
19 owned by the applicant may not be included in determining the amount
20 of the applicant's qualifying investment.

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

25 (e) In this section:

26 (1) "Manufacturing" means an establishment primarily
27 engaged in activities described in sectors 31-33 of the 2007 North

1 American Industry Classification System.

2 (2) "Renewable energy electric generation" means an
3 establishment primarily engaged in activities described in
4 category 221119 of the 1997 North American Industry Classification
5 System.

6 (3) "Integrated gasification combined cycle
7 technology" means technology used to produce electricity in a
8 combined combustion turbine and steam turbine application using
9 synthetic gas or another product produced from the gasification of
10 coal or another carbon-based feedstock, including related
11 activities such as materials-handling and gasification of coal or
12 another carbon-based feedstock.

13 (4) "Nuclear electric power generation" means
14 activities described in category 221113 of the 2002 North American
15 Industry Classification System.

16 (5) "Research and development" means an establishment
17 primarily engaged in activities described in category 541710 of the
18 2002 North American Industry Classification System.

19 (6) "Computer center" means an establishment
20 primarily engaged in providing electronic data processing and
21 information storage.

22 Sec. 313.012 [~~313.025~~]. APPLICATION; ACTION ON
23 APPLICATION. (a) The owner or lessee of, or the holder of another
24 possessory interest in, any qualified property [~~described by~~
25 ~~Section 313.021(2)(A), (B), or (C)~~] may apply to the governing body
26 of the school district in which the property is located for a
27 limitation on the appraised value for school district maintenance

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

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

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

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

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

1 that is confidential under Section 313.015 [~~313.028~~].

2 (b) The governing body of a school district is not required
3 to consider an application for a limitation on appraised value that
4 is filed with the governing body under Subsection (a). If the
5 governing body of the school district does elect to consider an
6 application, the governing body shall deliver three copies of the
7 application to the comptroller and request that the comptroller
8 provide an economic impact evaluation of the application to the
9 school district. Except as provided by Subsection (b-1), the
10 comptroller shall conduct or contract with a third person to
11 conduct the evaluation, which shall be completed and provided to
12 the governing body of the school district as soon as practicable.
13 The governing body shall provide to the comptroller or third person
14 any requested information. A methodology to allow comparisons of
15 economic impact for different schedules of the addition of
16 qualified investment or qualified property may be developed as part
17 of the economic impact evaluation. The governing body shall
18 provide a copy of the evaluation to the applicant on request. The
19 comptroller may charge and collect a fee sufficient to cover the
20 costs of providing the economic impact evaluation. The governing
21 body of a school district shall approve or disapprove an
22 application before the 151st day after the date the application is
23 filed, unless the economic impact evaluation has not been received
24 or an extension is agreed to by the governing body and the
25 applicant.

26 (b-1) The comptroller shall indicate on one copy of the
27 application the date the comptroller received the application and

1 deliver a [~~that~~] copy to the Texas Education Agency. The Texas
2 Education Agency shall determine the effect that the applicant's
3 proposal will have on the number or size of the school district's
4 instructional facilities, as required to be included in the
5 economic impact evaluation by Section 313.013(a)(11)
6 [~~313.026(a)(9)~~], and submit a written report containing the
7 agency's determination to the comptroller. The governing body of
8 the school district shall provide any requested information to the
9 Texas Education Agency. Not later than the 45th day after the date
10 the application indicates that the comptroller received the
11 application, the Texas Education Agency shall make the required
12 determination and submit the agency's written report to the
13 comptroller. A third person contracted by the comptroller to
14 conduct an economic impact evaluation of an application is not
15 required to make a determination that the Texas Education Agency is
16 required to make and report to the comptroller under this
17 subsection.

18 (c) In determining whether to grant an application, the
19 governing body of the school district is entitled to request and
20 receive assistance from:

- 21 (1) the comptroller;
- 22 (2) the Texas Department of Economic Development;
- 23 (3) the Texas Workforce Investment Council; and
- 24 (4) the Texas Workforce Commission.

25 (d) Before the 91st day after the date the comptroller
26 receives the copy of the application, the comptroller shall submit
27 a recommendation to the governing body of the school district as to

1 whether the application should be approved or disapproved.

2 (d-1) The governing body of a school district may approve an
3 application that the comptroller has recommended should be
4 disapproved only if:

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

8 (2) at a subsequent meeting of the governing body held
9 after the date of the public hearing, at least two-thirds of the
10 members of the governing body vote to approve the application.

11 (e) Before approving or disapproving an application under
12 this chapter [~~subchapter~~] that the governing body elects to
13 consider, the governing body of the school district must make a
14 written finding as to each criterion listed in Section 313.013
15 [~~313.026~~]. The governing body shall deliver a copy of those
16 findings to the applicant.

17 (f) The governing body may approve an application only if
18 the governing body finds that the information in the application is
19 true and correct, finds that the applicant is eligible for the
20 limitation on the appraised value of the person's qualified
21 property, and determines that granting the application is in the
22 best interest of the school district and this state.

23 (f-1) Notwithstanding any other provision of this chapter
24 to the contrary, including Section 313.003(2) or 313.004(3)(A) or
25 (B)(iii), the governing body of a school district may waive the new
26 jobs creation requirement in Section 313.0045(a)(2)(A)(iv)(b)
27 [~~313.021(2)(A)(iv)(b)~~] or 313.051(b) and approve an application if

1 the governing body makes a finding that the jobs creation
2 requirement exceeds the industry standard for the number of
3 employees reasonably necessary for the operation of the facility of
4 the property owner that is described in the application.

5 (g) The Texas Department of Economic Development or its
6 successor may recommend that a school district grant a person a
7 limitation on appraised value under this chapter. In determining
8 whether to grant an application, the governing body of the school
9 district shall consider any recommendation made by the Texas
10 Department of Economic Development or its successor.

11 (h) After receiving a copy of the application, the
12 comptroller shall determine whether the property meets the
13 requirements of Section 313.011 [~~313.024~~] for eligibility for a
14 limitation on appraised value under this chapter [~~subchapter~~]. The
15 comptroller shall notify the governing body of the school district
16 of the comptroller's determination and provide the applicant an
17 opportunity for a hearing before the determination becomes final.
18 A hearing under this subsection is a contested case hearing and
19 shall be conducted by the State Office of Administrative Hearings
20 in the manner provided by Section 2003.101, Government Code. The
21 applicant has the burden of proof on each issue in the hearing. The
22 applicant may seek judicial review of the comptroller's
23 determination in a Travis County district court under the
24 substantial evidence rule as provided by Subchapter G, Chapter
25 2001, Government Code.

26 (i) If the comptroller's determination under Subsection (h)
27 that the property does not meet the requirements of Section 313.011

1 ~~[313.024]~~ for eligibility for a limitation on appraised value under
2 this chapter ~~[subchapter]~~ becomes final, the comptroller is not
3 required to provide an economic impact evaluation of the
4 application or to submit a recommendation to the school district as
5 to whether the application should be approved or disapproved, and
6 the governing body of the school district may not grant the
7 application.

8 Sec. 313.013 ~~[313.026]~~. ECONOMIC IMPACT EVALUATION.

9 (a) The economic impact evaluation of the application must include
10 the following:

- 11 (1) the recommendations of the comptroller;
- 12 (2) the name of the school district;
- 13 (3) the name of the applicant;
- 14 (4) a description of the general nature of the
15 applicant's investment;
- 16 (5) ~~[the relationship between the applicant's industry~~
17 ~~and the types of qualifying jobs to be created by the applicant to~~
18 ~~the long-term economic growth plans of this state as described in~~
19 ~~the strategic plan for economic development submitted by the Texas~~
20 ~~Strategic Economic Development Planning Commission under Section~~
21 ~~481.033, Government Code, as that section existed before February~~
22 ~~1, 1999,~~
- 23 ~~[(6)]~~ the amount ~~[relative level]~~ of the applicant's
24 intended investment ~~[per qualifying job to be created by the~~
25 ~~applicant]~~;
- 26 (6) ~~[(7)]~~ the number of qualifying, construction, and
27 operations jobs to be created by the applicant;

1 (7) [~~(8)~~] the wages, salaries, and benefits to be
2 offered by the applicant to qualifying, construction, and
3 operations job holders;

4 (8) [~~(9)~~] the ability of the applicant to locate or
5 relocate in another state or another region of this state;

6 (9) [~~(10)~~] the fiscal impact the project will have on
7 this state and individual local units of government, including:

8 (A) tax and other revenue gains, direct and
9 otherwise [~~or indirect~~], that would be realized during the
10 construction and operation of the facility, including [~~qualifying~~
11 ~~time period,~~] the limitation period[~~7~~] and a period of time after
12 the limitation period considered appropriate by the comptroller;
13 and

14 (B) economic effects of the project, including
15 the impact on jobs and income, direct and otherwise, during the
16 construction and operation of the facility, including [~~qualifying~~
17 ~~time period,~~] the limitation period[~~7~~] and a period of time after
18 the limitation period considered appropriate by the comptroller;

19 (10) [~~(11)~~] the economic condition of the region of
20 the state at the time the person's application is being considered;

21 (11) [~~(12)~~] ~~the number of new facilities built or~~
22 ~~expanded in the region during the two years preceding the date of~~
23 ~~the application that were eligible to apply for a limitation on~~
24 ~~appraised value under this subchapter,~~

25 [~~(13)~~] the effect of the applicant's proposal, if
26 approved, on the number or size of the school district's
27 instructional facilities, as defined by Section 46.001, Education

1 Code; and

2 (12) [~~(14)~~ the projected market value of the
3 qualified property of the applicant as determined by the
4 comptroller;

5 [~~(15)~~ the proposed limitation on appraised value for
6 the qualified property of the applicant;

7 [~~(16)~~ the projected dollar amount of the taxes that
8 would be imposed on the qualified property, for each year of the
9 agreement, if the property does not receive a limitation on
10 appraised value with assumptions of the projected appreciation or
11 depreciation of the investment and projected tax rates clearly
12 stated;

13 [~~(17)~~ the projected dollar amount of the taxes that
14 would be imposed on the qualified property, for each tax year of the
15 agreement, if the property receives a limitation on appraised value
16 with assumptions of the projected appreciation or depreciation of
17 the investment clearly stated;

18 [~~(18)~~] the projected effect on the Foundation School
19 Program of payments to the district for each year of the agreement[;

20 [~~(19)~~ the projected future tax credits if the
21 applicant also applies for school tax credits under Section
22 313.103; and

23 [~~(20)~~ the total amount of taxes projected to be lost or
24 gained by the district over the life of the agreement computed by
25 subtracting the projected taxes stated in Subdivision (17) from the
26 projected taxes stated in Subdivision (16)].

27 (b) The comptroller's recommendations shall be based on the

1 criteria listed in Subsection (a) [~~Subsections (a)(5)-(20)~~] and on
2 any other information available to the comptroller, including
3 information provided by the governing body of the school district
4 under Section 313.012(b) [~~313.025(b)~~].

5 Sec. 313.0135 [~~313.0265~~]. DISCLOSURE OF APPRAISED VALUE
6 LIMITATION INFORMATION. (a) The comptroller shall post on the
7 comptroller's Internet website each document or item of information
8 the comptroller designates as substantive before the 15th day after
9 the date the document or item of information was received or
10 created. Each document or item of information must continue to be
11 posted until the appraised value limitation expires.

12 (b) The comptroller shall designate the following as
13 substantive:

14 (1) each application requesting a limitation on
15 appraised value; and

16 (2) the economic impact evaluation made in connection
17 with the application[~~, and~~

18 [~~(3) each application requesting school tax credits~~
19 ~~under Section 313.103~~].

20 (c) If a school district maintains a generally accessible
21 Internet website, the district shall maintain a link on its
22 Internet website to the area of the comptroller's Internet website
23 where information on each of the district's agreements to limit
24 appraised value is maintained.

25 Sec. 313.014 [~~313.027~~]. LIMITATION ON APPRAISED VALUE;
26 AGREEMENT. (a) If the person's application is approved by the
27 governing body of the school district, [~~for each of the first eight~~

1 ~~tax years that begin after the applicable qualifying time period,~~
2 the appraised value for school district maintenance and operations
3 ad valorem tax purposes of the person's qualified property as
4 described in the agreement between the person and the district
5 entered into under this section in the school district may not
6 exceed the lesser of:

- 7 (1) the market value of the property; or
- 8 (2) ~~[subject to Subsection (b),]~~ the amount agreed to
9 by the governing body of the school district under Subchapter B or
10 C, as applicable.

11 (b) The agreement must provide that the limitation under
12 Subsection (a) shall apply for a period of 10 years. The agreement
13 must specify the beginning date of the limitation, which must be the
14 first tax year beginning after either:

- 15 (1) the application date;
- 16 (2) the qualifying time period; or
- 17 (3) the date commercial operations begin at the
18 project site. ~~[The amount agreed to by the governing body of a~~
19 ~~school district under Subsection (a)(2) must be an amount in~~
20 ~~accordance with the following, according to the category~~
21 ~~established by Section 313.022 to which the school district belongs.~~

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

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

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

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

17 (f) In addition, the agreement:

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

24 (2) may provide that the property owner will protect
25 the school district in the event the district incurs extraordinary
26 education-related expenses related to the project that are not
27 directly funded in state aid formulas, including expenses for the

1 purchase of portable classrooms and the hiring of additional
2 personnel to accommodate a temporary increase in student enrollment
3 attributable to the project;

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

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

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

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

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

23 (h) The agreement between the governing body of the school
24 district and the applicant may provide for a deferral of the date on
25 which the qualifying time period for the project is to commence or,
26 subsequent to the date the agreement is entered into, be amended to
27 provide for such a deferral. However, such limitation may take

1 effect no later than the fourth tax year beginning after the date
 2 the application is approved. This subsection may not be construed
 3 to permit a qualifying time period that has commenced to continue
 4 for more than the number of years applicable to the project under
 5 Section 313.0045(a)(4) [~~313.021(4)~~].

6 (i) A person and the school district may not enter into an
 7 agreement under which the person agrees to provide supplemental
 8 payments to a school district, or any other entity on behalf of the
 9 school district, in an amount that exceeds an amount equal to \$100
 10 per student per year in average daily attendance, as defined by
 11 Section 42.005, Education Code, or for a period that exceeds the
 12 period beginning with the period described by Section
 13 313.0045(a)(4) [~~313.021(4)~~] and ending three tax years after the
 14 date the person's eligibility for the limitation under this chapter
 15 expires [~~with the period described by Section 313.104(2)(B) of this~~
 16 ~~code~~]. This limit does not apply to amounts described by Subsection
 17 (f)(1) or (2) [~~of this section~~].

18 (j) An agreement under this chapter must disclose any
 19 consideration promised in conjunction with the application and the
 20 limitation.

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

1 (b) If in any tax year a property owner fails to comply with
2 Subsection (a), the property owner is liable to this state for a
3 penalty equal to the amount computed by subtracting from the market
4 value of the property for that tax year the value of the property as
5 limited by the agreement and multiplying the difference by the
6 maintenance and operations tax rate of the school district for that
7 tax year.

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

12 (d) In the event of a casualty loss, the applicant may
13 request and the school district may grant a waiver of the
14 requirements of this section.

15 Sec. 313.015 [~~313.028~~]. CERTAIN BUSINESS INFORMATION
16 CONFIDENTIAL. Information provided to a school district in
17 connection with an application for a limitation on appraised value
18 under this chapter [~~subchapter~~] that describes the specific
19 processes or business activities to be conducted or the specific
20 tangible personal property to be located on real property covered
21 by the application shall be segregated in the application from
22 other information in the application and is confidential and not
23 subject to public disclosure unless the governing body of the
24 school district approves the application. Other information in the
25 custody of a school district or the comptroller in connection with
26 the application, including information related to the economic
27 impact of a project or the essential elements of eligibility under

1 this chapter, such as the nature and amount of the projected
2 investment, employment, wages, and benefits, may not be considered
3 confidential business information if the governing body of the
4 school district agrees to consider the application. Information in
5 the custody of a school district or the comptroller if the governing
6 body approves the application is not confidential under this
7 section.

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

12 Sec. 313.017 [~~313.031~~]. RULES AND FORMS; FEES. (a) The
13 comptroller shall:

14 (1) adopt rules and forms necessary for the
15 implementation and administration of this chapter, including rules
16 for determining whether a property owner's property qualifies as a
17 qualified investment under Section 313.0045(a)(1) [~~313.021(1)~~];
18 and

19 (2) provide without charge one copy of the rules and
20 forms to any school district and to any person who states that the
21 person intends to apply for a limitation on appraised value under
22 this chapter [~~subchapter or a tax credit under Subchapter D~~].

23 (b) The governing body of a school district by official
24 action shall establish reasonable nonrefundable application fees
25 to be paid by property owners who apply to the district for a
26 limitation on the appraised value of the person's property under
27 this chapter [~~subchapter~~]. The amount of an application fee must be

1 reasonable and may not exceed the estimated cost to the district of
2 processing and acting on an application, including the cost of the
3 economic impact evaluation required by Sections 313.012 [~~313.025~~]
4 and 313.013 [~~313.026~~].

5 Sec. 313.018 [~~313.032~~]. REPORT ON COMPLIANCE WITH
6 AGREEMENTS. (a) Before the beginning of each regular session of
7 the legislature, the comptroller shall submit to the lieutenant
8 governor, the speaker of the house of representatives, and each
9 other member of the legislature a report on agreements made under
10 this chapter. The report must include:

11 (1) an assessment of the combination of all agreements
12 under the program, including:

13 (A) the total number of jobs created, direct and
14 otherwise, in Texas;

15 (B) the total impact on personal income, direct
16 and otherwise, in Texas;

17 (C) the total amount of investment, direct and
18 otherwise, in Texas;

19 (D) the total amount of taxable value on the tax
20 rolls, direct and otherwise, in Texas, including properties for
21 which the limitation period has expired;

22 (E) the total amount of value not on the tax rolls
23 as a result of a limitation agreement; and

24 (F) the total fiscal effects, direct and
25 otherwise, on state and local units of government in Texas; and

26 (2) an assessment of [~~assessing~~] the progress of each
27 agreement made under this chapter. The report must be based on data

1 certified to the comptroller by each recipient of a limitation on
2 appraised value under this chapter [~~subchapter~~] and state for each
3 agreement:

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

6 (B) [~~(2)~~] the number of new qualifying jobs each
7 recipient created;

8 (C) [~~(3)~~] the total amount of wages [~~median wage~~]
9 of the new jobs each recipient created;

10 (D) [~~(4)~~] the amount of the qualified investment
11 each recipient committed to spend or allocate for each project;

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

14 (F) [~~(6)~~] the market value of the qualified
15 property of each recipient as determined by the applicable chief
16 appraiser, including that of property for which the agreement has
17 expired;

18 (G) [~~(7)~~] the limitation on appraised value for
19 the qualified property of each recipient; and

20 (H) [~~(8)~~] ~~the dollar amount of the taxes that~~
21 ~~would have been imposed on the qualified property if the property~~
22 ~~had not received a limitation on appraised value,~~

23 [~~(9)~~] the dollar amount of the taxes imposed on the
24 qualified property[~~,~~

25 [~~(10)~~] ~~the number of new jobs created by each recipient~~
26 ~~in each sector of the North American Industry Classification~~
27 ~~System, and~~

1 ~~[(11) of the number of new jobs each recipient~~
 2 ~~created, the number of jobs created that provide health benefits~~
 3 ~~for employees].~~

4 (b) The report may not include information that is
 5 confidential by law.

6 (c) In preparing the assessment required under Subsection
 7 (a)(1), the comptroller may use standard economic estimation
 8 techniques, including economic multipliers.

9 (d) The comptroller may require a recipient to submit, on a
 10 form the comptroller provides, information required to prepare
 11 ~~[complete]~~ the assessment required under Subsection (a)(2)
 12 ~~[report].~~

13 SECTION 8. The heading to Subchapter B, Chapter 313, Tax
 14 Code, is amended to read as follows:

15 SUBCHAPTER B. GENERAL LIMITATION ON APPRAISED VALUE OF CERTAIN
 16 PROPERTY USED TO CREATE JOBS

17 SECTION 9. Subsection (b), Section 313.022, Tax Code, is
 18 amended to read as follows:

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

1	CATEGORY	TAXABLE VALUE OF PROPERTY
2	I	\$10 billion or more
3	II	\$1 billion or more but less than \$10 billion
4	III	\$500 million or more but less than \$1 billion
5	IV	\$100 million or more but less than \$500
6		million
7	V	less than \$100 million

8 SECTION 10. Section 313.023, Tax Code, is amended to read as
9 follows:

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

14	CATEGORY	MINIMUM QUALIFIED INVESTMENT
15	I	\$100 million
16	II	\$80 million
17	III	\$60 million
18	IV	\$40 million
19	V	\$20 million

20 SECTION 11. Subchapter B, Chapter 313, Tax Code, is amended
21 by adding Section 313.0235 to read as follows:

22 Sec. 313.0235. LIMITATION ON APPRAISED VALUE. For a school
23 district to which this subchapter applies, the amount agreed to by
24 the governing body of the district must be an amount in accordance
25 with the following, according to the category established by
26 Section 313.022 to which the school district belongs:

1	<u>CATEGORY</u>	<u>MINIMUM AMOUNT OF LIMITATION</u>
2	<u>I</u>	<u>\$100 million</u>
3	<u>II</u>	<u>\$80 million</u>
4	<u>III</u>	<u>\$60 million</u>
5	<u>IV</u>	<u>\$40 million</u>
6	<u>V</u>	<u>\$20 million</u>

7 SECTION 12. The heading to Subchapter C, Chapter 313, Tax
8 Code, is amended to read as follows:

9 SUBCHAPTER C. LIMITATION ON APPRAISED VALUE OF PROPERTY IN
10 CERTAIN [~~RURAL~~] SCHOOL DISTRICTS

11 SECTION 13. Subsections (a) and (b), Section 313.051, Tax
12 Code, are amended to read as follows:

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

15 (1) an area determined by the comptroller to be in:

16 (A) a county that has above state average
17 unemployment and below state average per capita income;

18 (B) a federally designated urban enterprise
19 community or urban enhanced enterprise community; or

20 (C) a defense economic readjustment zone
21 designated under Chapter 2310, Government Code [~~that qualified as a~~
22 strategic investment area under Subchapter O, Chapter 171,
23 immediately before that subchapter expired]; or

24 (2) a county:

25 (A) that has a population of less than 50,000;

26 and

27 (B) in which, during the decade preceding [~~from~~

1 ~~1990 to 2000, according to~~] the most recent federal decennial
2 census, the population:

- 3 (i) remained the same;
- 4 (ii) decreased; or
- 5 (iii) increased, but at a rate of not more
6 than three percent per annum.

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

23 SECTION 14. Sections 313.052 and 313.053, Tax Code, are
24 amended to read as follows:

25 Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. For
26 purposes of determining the required minimum amount of a qualified
27 investment under Section 313.0045(a)(2)(A)(iv)(a)

1 ~~[313.021(2)(A)(iv)(a)]~~ and the minimum amount of a limitation on
2 appraised value under this subchapter, school districts to which
3 this subchapter applies are categorized according to the taxable
4 value of industrial property in the district for the preceding tax
5 year determined under Subchapter M, Chapter 403, Government Code,
6 as follows:

7	CATEGORY	TAXABLE VALUE OF INDUSTRIAL PROPERTY
8	I	\$200 million or more
9	II	\$90 million or more but less than \$200
10		million
11	III	\$1 million or more but less than \$90 million
12	IV	\$100,000 or more but less than \$1 million
13	V	less than \$100,000

14 Sec. 313.053. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. For
15 each category of school district established by Section 313.052,
16 the minimum amount of a qualified investment under Section
17 313.0045(a)(2)(A)(iv)(a) ~~[313.021(2)(A)(iv)(a)]~~ is as follows:

18	CATEGORY	MINIMUM QUALIFIED INVESTMENT
19	I	\$30 million
20	II	\$20 million
21	III	\$10 million
22	IV	\$5 million
23	V	\$1 million

24 SECTION 15. Subsection (a), Section 313.054, Tax Code, is
25 amended to read as follows:

26 (a) For a school district to which this subchapter applies,
27 the amount agreed to by the governing body of the district ~~[under~~

1 ~~Section 313.027(a)(2)]~~ must be an amount in accordance with the
2 following, according to the category established by Section 313.052
3 to which the school district belongs:

4	CATEGORY	MINIMUM AMOUNT OF LIMITATION
5	I	\$30 million
6	II	\$20 million
7	III	\$10 million
8	IV	\$5 million
9	V	\$1 million

10 SECTION 16. The heading to Subchapter E, Chapter 313, Tax
11 Code, is amended to read as follows:

12 SUBCHAPTER E. EFFECT ~~[AVAILABILITY]~~ OF ~~[TAX CREDIT AFTER]~~ PROGRAM
13 EXPIRATION ~~[EXPIRES]~~

14 SECTION 17. Section 313.171, Tax Code, is amended to read as
15 follows:

16 Sec. 313.171. SAVING PROVISION ~~[PROVISIONS]~~. ~~[(a)]~~ A
17 limitation on appraised value approved under Subchapter A-1, B, or
18 C before the expiration of that subchapter continues in effect
19 according to that subchapter as that subchapter existed immediately
20 before its expiration, and that law is continued in effect for
21 purposes of the limitation on appraised value.

22 ~~[(b) The expiration of Subchapter D does not affect a~~
23 ~~property owner's entitlement to a tax credit granted under~~
24 ~~Subchapter D if the property owner qualified for the tax credit~~
25 ~~before the expiration of Subchapter D.]~~

26 SECTION 18. The following provisions of the Tax Code are
27 repealed:

1 (1) Sections 313.005, 313.008, and 313.009; and

2 (2) Subchapter D, Chapter 313.

3 SECTION 19. To the extent of any conflict, this Act prevails
4 over another Act of the 83rd Legislature, Regular Session, 2013,
5 relating to nonsubstantive additions to and corrections in enacted
6 codes.

7 SECTION 20. (a) Except as provided by Subsection (b) of
8 this section, Chapter 313, Tax Code, as amended by this Act, applies
9 only to an agreement entered into under that chapter on or after the
10 effective date of this Act. An agreement entered into under that
11 chapter before the effective date of this Act is governed by the law
12 in effect on the date the agreement was entered into, and the former
13 law is continued in effect for that purpose.

14 (b) The repeal by this Act of Subchapter D, Chapter 313, Tax
15 Code, does not apply to a tax credit granted based on an application
16 for a tax credit submitted before the effective date of this Act. A
17 tax credit granted based on an application submitted before the
18 effective date of this Act is governed by the law in effect
19 immediately before the effective date of this Act, and that law is
20 continued in effect for that purpose.

21 SECTION 21. This Act takes effect immediately if it
22 receives a vote of two-thirds of all the members elected to each
23 house, as provided by Section 39, Article III, Texas Constitution.
24 If this Act does not receive the vote necessary for immediate
25 effect, this Act takes effect September 1, 2013.