

## **BILL ANALYSIS**

Senate Research Center

S.B. 1103  
By: Hancock  
Natural Resources & Economic Development  
4/1/2015  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Many states provide economic incentives to attract large data center projects. In the last eight years, these capital-intensive projects have come to represent a growing market segment in the technology industry and generate economic activity in the cities and states where they are located. The largest players in the enterprise data center field tend to locate in states where competitors have paved the way, as they have done in Oregon, Iowa, and North Carolina.

Texas statute currently provides for ad valorem tax benefits for other projects, including data centers. Texas is well positioned to attract large data center projects because of its strong infrastructure, major population centers, educated workforce, and favorable construction costs and permitting process. The goal of S.B. 1103 is to create a competitive environment for Texas to become a leader in this segment of the industry.

S.B. 1103 amends current law relating to the eligibility of property used for large data center projects for ad valorem tax benefits under the Texas Economic Development Act.

As proposed, S.B. 1103 amends current law relating to the eligibility of property used for large data center projects for ad valorem tax benefits under the Texas Economic Development Act.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 313.024(b), Tax Code, as follows:

(a) Provides that this subchapter and Subchapter C (Limitation on Appraised Value of Property in Strategic Investment Area or Certain Rural School Districts) apply only to property owned by an entity subject to the tax imposed by Chapter 171 (Franchise Tax).

(a-1) Expired.

(b) Requires the entity, to be eligible for a limitation on appraised value under this subchapter, to use the property for a large data center project, as defined by Section 151.3595(d)(2)(b), Tax Code.

SECTION 2. Amends Section 313.024(e), Tax Code, by adding Subdivision (8), to define "large data center project."

SECTION 3. (a) Provides that, except as provided by Subsection (b) of this section, Chapter 313 (Texas Economic Development Act), Tax Code, as amended by this Act, applies only to an application filed under that chapter on or after the effective date of this Act. Provides that an application filed under that chapter before the effective date of this Act is governed by the law in effect on the date the application was filed, and the former law is continued in effect for that purpose.

(b) Authorizes an application for a valuation limitation to a local school district on or after March 1, 2015, pursuant to an application filed under Chapter 313, Tax Code, before the effective date of this Act to condition eligibility for the valuation limitation, as applicable, on compliance with the provisions of that chapter, as amended by this Act.

SECTION 4. Effective date: upon passage or September 1, 2015.