

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Murphy, Parker, Rodriguez of Travis,  
Keffer

H.B. No. 2826

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the eligibility of certain property located in multiple  
3 school districts for a limitation on appraised value for school  
4 district maintenance and operations ad valorem tax purposes under  
5 the Texas Economic Development Act.

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

7 SECTION 1. Subchapter B, Chapter 313, Tax Code, is amended  
8 by adding Section 313.0255 to read as follows:

9 Sec. 313.0255. PROJECT LOCATED IN MULTIPLE SCHOOL  
10 DISTRICTS. (a) This section applies only to a single unified  
11 project that is located in more than one but not more than three  
12 school districts, each of which is contiguous to another school  
13 district in which the project is located and at least one of which  
14 is a school district to which this subchapter applies.

15 (b) Except as otherwise provided by this section, the  
16 provisions of this subchapter applicable to a project that is  
17 located in only one school district apply to a project to which this  
18 section applies, including the provisions governing the  
19 application and approval process. This section does not affect the  
20 requirement that each school district from which the applicant  
21 desires a limitation on appraised value of the applicant's property  
22 for school district maintenance and operations ad valorem tax  
23 purposes enter into an agreement with the applicant under Section  
24 313.027 in order for the applicant to receive a limitation from that

1 school district. Except as otherwise provided by this section, this  
2 section does not affect the terms of an agreement between the  
3 applicant and a school district under Section 313.027 as prescribed  
4 by that section.

5 (c) For purposes of determining the required minimum amount  
6 of a qualified investment under Section 313.021(2)(A)(iv)(a) and  
7 the minimum amount of a limitation on appraised value under Section  
8 313.027(b), a project is considered to be located in the school  
9 district in which the project is located that has the highest  
10 taxable value of property for the preceding tax year as determined  
11 under Subchapter M, Chapter 403, Government Code.

12 (d) The minimum amount of the limitation on appraised value  
13 to which a school district may agree under Section 313.027(b) is  
14 equal to the amount specified by that subsection for the applicable  
15 category of school district as determined in accordance with  
16 Subsection (c) of this section multiplied by a fraction the  
17 numerator of which is the amount of qualified investment made in the  
18 school district in connection with the project and the denominator  
19 of which is the total amount of qualified investment made in  
20 connection with the project.

21 (e) In determining whether property on which a project is  
22 located meets the requirements of Section 313.024 for eligibility  
23 for a limitation on appraised value under this subchapter, the  
24 comptroller shall consider whether the project as a whole would  
25 meet those requirements were the project located at one site in a  
26 single school district.

27 SECTION 2. Subchapter C, Chapter 313, Tax Code, is amended

1 by adding Section 313.055 to read as follows:

2       Sec. 313.055. PROJECT LOCATED IN MULTIPLE SCHOOL DISTRICTS.  
3 Section 313.0255 applies to a single unified project that is  
4 located in more than one school district but not more than three  
5 school districts, each of which is contiguous to another school  
6 district in which the project is located and is a school district to  
7 which this subchapter applies, in the same manner as that section  
8 applies to a project described by Section 313.0255(a), except that  
9 for purposes of Section 313.0255(c) the project is considered to be  
10 located in the school district in which the project is located that  
11 has the highest taxable value of industrial property for the  
12 preceding tax year as determined under Subchapter M, Chapter 403,  
13 Government Code.

14       SECTION 3. This Act applies only to an application filed  
15 under Chapter 313, Tax Code, on or after the effective date of this  
16 Act. An application filed under that chapter before the effective  
17 date of this Act is governed by the law in effect on the date the  
18 application was filed, and the former law is continued in effect for  
19 that purpose.

20       SECTION 4. This Act takes effect September 1, 2015.

ADOPTED

L. W. Kolbe

FLOOR AMENDMENT NO. 1

MAY 26 2015

BY: \_\_\_\_\_

Atty. Gen.  
Secretary of the Senate

1 Amend H.B. 2826 (senate committee printing) by adding the  
2 following appropriately numbered SECTION to the bill and  
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION \_\_\_\_\_. Section 313.032(c), Tax Code, is amended to  
5 read as follows:

6 (c) The portion of the report described by Subsection  
7 (a)(2) must be based on data certified to the comptroller by  
8 each recipient or former recipient of a limitation on appraised  
9 value under this chapter. The comptroller shall verify a random  
10 sample of the data submitted under this section using  
11 information from the Texas Workforce Commission, the chief  
12 appraiser of the applicable appraisal district, or other sources  
13 the comptroller considers reliable. The random sample used to  
14 verify data under this section must constitute not less than 33  
15 percent of the data used by the comptroller to prepare the  
16 report. Information provided under this section that contains  
17 personal identifying information of an individual is  
18 confidential and not subject to disclosure under Chapter 552,  
19 Government Code, or Chapter 111, Tax Code.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 28, 2015**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2826** by Murphy (Relating to the eligibility of certain property located in multiple school districts for a limitation on appraised value for school district maintenance and operations ad valorem tax purposes under the Texas Economic Development Act. ), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2826, As Passed 2nd House: a negative impact of (\$1,000,000) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Ten-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$500,000)
2017	(\$500,000)
2018	(\$500,000)
2019	(\$1,700,000)
2020	(\$7,900,000)
2021	(\$16,200,000)
2022	(\$28,000,000)
2023	(\$40,100,000)
2024	(\$52,300,000)
2025	(\$63,300,000)

**All Funds, Ten-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from <i>General Revenue Fund</i> 1</b>	<b>Probable Savings/(Cost) from <i>Foundation School Fund</i> 193</b>	<b>Probable Revenue (Loss) from <i>School Districts</i></b>
2016	(\$500,000)	\$0	\$0
2017	(\$500,000)	\$0	\$0
2018	(\$500,000)	\$0	(\$1,000,000)
2019	(\$500,000)	(\$1,200,000)	(\$7,000,000)
2020	(\$500,000)	(\$7,400,000)	(\$15,000,000)
2021	(\$500,000)	(\$15,700,000)	(\$25,000,000)
2022	(\$500,000)	(\$27,500,000)	(\$36,000,000)
2023	(\$500,000)	(\$39,600,000)	(\$47,000,000)
2024	(\$500,000)	(\$51,800,000)	(\$57,000,000)
2025	(\$500,000)	(\$62,800,000)	(\$69,000,000)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2015</b>
2016	6.0
2017	6.0
2018	6.0
2019	6.0
2020	6.0

**Fiscal Analysis**

The bill would amend Chapter 313 of the Tax Code, regarding the Texas Economic Development Act, to create a method by which a "single unified project" in more than one school district would be considered a single project for certain purposes under this chapter.

The bill would add Section 313.0255 to allow a multi-district project in no more than three contiguous school districts, designated a single unified project by the Governor under Tax Code 313.024(d-2), to be eligible for a value limitation agreement under Subchapter B. While the school districts would be required to be contiguous, there is no requirement different parcels of the project be contiguous.

The total required minimum qualified investment amount and the total required minimum limitation for the multi-district project would be the required qualified investment and minimum required limitation amount in the one school district in the multi-district group having the highest property value. That minimum limitation amount would be proportionally divided among the various school districts according the percentage of qualified investment in each of the districts.

The bill would add new Section 313.055 to allow multi-district projects in Subchapter C school districts to similarly combine eligibility considerations and proportionally divide limitation amounts.

The bill would amend Section 313.032 of the Tax Code to require the Comptroller to verify a random sample of at least a third of the data submitted by school property tax limitation agreement recipients used by the Comptroller for the report to the Legislature required under this section. The Comptroller would be required to verify the data using information from reliable

sources, such as the Texas Workforce Commission or chief appraisers for appraisal districts.

The bill would take effect September 1, 2015.

## **Methodology**

Minimum limitation amounts for projects in multiple school districts under current law are calculated separately for each district's limitation agreement. Allowing such projects to divide the limitation amount of one of the school districts would increase the levy loss to school districts.

Projects in multiple school districts under current law are required to meet eligibility requirements in each district. Allowing eligibility of property in one school district to confer eligibility on property in another school district that otherwise would not be eligible would increase the levy loss to school districts, particularly with no requirements that parcels of the project be contiguous.

Section 313.004(2)(A) currently prohibits property owners from pooling investment for ad valorem tax or financial benefit. The bill's provisions could allow the aggregation of property not normally included in Chapter 313 limitation agreements under current law, thereby increasing school district levy loss.

Single unified projects are determined by the Texas Economic Development and Tourism Office under Section 313.024(d-2). Any fiscal impact to the state would depend upon revision of Texas Administrative Code rules related to "single unified projects," as well as on the number and size of projects that are determined to be single unified projects in the future. The table above includes an estimate of school levy losses and additional state cost under the Foundation School Program that would result from provisions of the bill for possible multi-district projects executing agreements before the expiration of the chapter, December 31, 2022.

Currently, agreements are between the company and the school district, and the district is responsible for enforcement of the agreement. The Comptroller is not a party to the agreement.

Companies submitting information to the Comptroller for the report are currently required to attest to the accuracy of the data submitted, and certify such data. Implementing an employee-level job and wage verification system of company-submitted data would require additional resources. The administrative cost estimate in the table above, totaling \$500,000 per year, reflects the funds that would be necessary to hire five systems analyst IIIs and one project manager to assume this new function. The 313 program currently has approximately 350 agreements, with an estimated 50 additional projects added annually. The data verification process would entail reviewing 15 separate data elements.

## **Local Government Impact**

School districts entering into Chapter 313 agreements would benefit from additional Foundation School Program state aid or reductions in recapture corresponding to losses in local M&O revenue resulting from the limitation on taxable value of affected property. Estimated losses in local M&O revenue are noted in the tables above.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS, JSp

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 13, 2015**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2826** by Murphy (Relating to the eligibility of certain property located in multiple school districts for a limitation on appraised value for school district maintenance and operations ad valorem tax purposes under the Texas Economic Development Act.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2826, As Engrossed: an impact of \$0 through the biennium ending August 31, 2017.

However, there would be costs to the Foundation School Fund beginning in 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Ten-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$0
2017	\$0
2018	\$0
2019	(\$1,200,000)
2020	(\$7,400,000)
2021	(\$15,700,000)
2022	(\$27,500,000)
2023	(\$39,600,000)
2024	(\$51,800,000)
2025	(\$62,800,000)

## All Funds, Ten-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Probable Revenue (Loss) from <i>School Districts</i>
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	(\$1,000,000)
2019	(\$1,200,000)	(\$7,000,000)
2020	(\$7,400,000)	(\$15,000,000)
2021	(\$15,700,000)	(\$25,000,000)
2022	(\$27,500,000)	(\$36,000,000)
2023	(\$39,600,000)	(\$47,000,000)
2024	(\$51,800,000)	(\$57,000,000)
2025	(\$62,800,000)	(\$69,000,000)

### Fiscal Analysis

The bill would amend Chapter 313 of the Tax Code, regarding the Texas Economic Development Act, to create a method by which a "single unified project" in more than one school district would be considered a single project for certain purposes under this chapter.

The bill would add Section 313.0255 to allow a multi-district project in no more than three contiguous school districts, designated a single unified project by the Governor under Tax Code 313.024(d-2), to be eligible for a value limitation agreement under Subchapter B. While the school districts would be required to be contiguous, there is no requirement different parcels of the project be contiguous.

The total required minimum qualified investment amount and the total required minimum limitation for the multi-district project would be the required qualified investment and minimum required limitation amount in the one school district in the multi-district group having the highest property value. That minimum limitation amount would be proportionally divided among the various school districts according the percentage of qualified investment in each of the districts.

The bill would add new section 313.055 to allow multi-district projects in Subchapter C school districts to similarly combine eligibility considerations and proportionally divide limitation amounts.

The bill would take effect September 1, 2015.

### Methodology

Minimum limitation amounts for projects in multiple school districts under current law are calculated separately for each district's limitation agreement. Allowing such projects to divide the limitation amount of one of the school districts would increase the levy loss to school districts.

Projects in multiple school districts under current law are required to meet eligibility requirements in each district. Allowing eligibility of property in one school district to confer eligibility on property in another school district that otherwise would not be eligible would increase the levy loss to school districts, particularly with no requirements that parcels of the project be contiguous.

Section 313.004(2)(A) currently prohibits property owners from pooling investment for ad valorem tax or financial benefit. The bill's provisions could allow the aggregation of property not normally included in Chapter 313 limitation agreements under current law, thereby increasing school district levy loss.

Single unified projects are determined by the Texas Economic Development and Tourism Office under Section 313.024(d-2). Any fiscal impact to the state would depend upon revision of Texas Administrative Code rules related to "single unified projects," as well as on the number and size of projects that are determined to be single unified projects in the future. The table above includes an estimate of school levy losses and additional state cost under the Foundation School Program that would result from provisions of the bill for possible multi-district projects executing agreements before the expiration of the chapter, December 31, 2022.

### **Local Government Impact**

School districts entering into Chapter 313 agreements would benefit from additional Foundation School Program state aid or reductions in recapture corresponding to losses in local M&O revenue resulting from the limitation on taxable value of affected property. Estimated losses in local M&O revenue are noted in the tables above.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS, JSp

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 21, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2826** by Murphy (Relating to the eligibility of certain property located in multiple school districts for a limitation on appraised value for school district maintenance and operations ad valorem tax purposes under the Texas Economic Development Act.),  
**Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2826, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2017.

However, there would be costs to the Foundation School Fund beginning in 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Ten-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$0
2017	\$0
2018	\$0
2019	(\$1,200,000)
2020	(\$7,400,000)
2021	(\$15,700,000)
2022	(\$27,500,000)
2023	(\$39,600,000)
2024	(\$51,800,000)
2025	(\$62,800,000)

**All Funds, Ten-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Probable Revenue (Loss) from <i>School Districts</i>
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	(\$1,000,000)
2019	(\$1,200,000)	(\$7,000,000)
2020	(\$7,400,000)	(\$15,000,000)
2021	(\$15,700,000)	(\$25,000,000)
2022	(\$27,500,000)	(\$36,000,000)
2023	(\$39,600,000)	(\$47,000,000)
2024	(\$51,800,000)	(\$57,000,000)
2025	(\$62,800,000)	(\$69,000,000)

**Fiscal Analysis**

The bill would amend Chapter 313 of the Tax Code, regarding the Texas Economic Development Act, to create a method by which a "single unified project" in more than one school district would be considered a single project for certain purposes under this chapter.

The bill would add Section 313.0255 to allow a multi-district project in no more than three contiguous school districts, designated a single unified project by the Governor under Tax Code 313.024(d-2), to be eligible for a value limitation agreement under Subchapter B. While the school districts would be required to be contiguous, there is no requirement different parcels of the project be contiguous.

The total required minimum qualified investment amount and the total required minimum limitation for the multi-district project would be the required qualified investment and minimum required limitation amount in the one school district in the multi-district group having the highest property value. That minimum limitation amount would be proportionally divided among the various school districts according the percentage of qualified investment in each of the districts.

The bill would add new section 313.055 to allow multi-district projects in Subchapter C school districts to similarly combine eligibility considerations and proportionally divide limitation amounts.

The bill would take effect September 1, 2015.

**Methodology**

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Section 313.004(2)(A) currently prohibits property owners from pooling investment for ad valorem tax or financial benefit. The bill's provisions could allow the aggregation of property not normally included in Chapter 313 limitation agreements under current law, thereby increasing school district levy loss.

Single unified projects are determined by the Texas Economic Development and Tourism Office under Section 313.024(d-2). Any fiscal impact to the state would depend upon revision of Texas Administrative Code rules related to "single unified projects," as well as on the number and size of projects that are determined to be single unified projects in the future. The table above includes an estimate of school levy losses and additional state cost under the Foundation School Program that would result from provisions of the bill for possible multi-district projects executing agreements before the expiration of the chapter, December 31, 2022.

### **Local Government Impact**

School districts entering into Chapter 313 agreements would benefit from additional Foundation School Program state aid or reductions in recapture corresponding to losses in local M&O revenue resulting from the limitation on taxable value of affected property. Estimated losses in local M&O revenue are noted in the tables above.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS, JSp

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 23, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2826** by Murphy (Relating to the eligibility of property located in more than one school district for a limitation on appraised value for school district maintenance and operations ad valorem tax purposes under the Texas Economic Development Act.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2826, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

However, there would be costs to the Foundation School Fund beginning in 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Ten-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$0
2017	\$0
2018	\$0
2019	(\$2,200,000)
2020	(\$9,300,000)
2021	(\$20,600,000)
2022	(\$35,400,000)
2023	(\$51,100,000)
2024	(\$67,100,000)
2025	(\$81,700,000)

**All Funds, Ten-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Probable Revenue (Loss) from <i>School Districts</i>
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	(\$2,000,000)
2019	(\$2,200,000)	(\$8,700,000)
2020	(\$9,300,000)	(\$19,700,000)
2021	(\$20,600,000)	(\$33,000,000)
2022	(\$35,400,000)	(\$47,700,000)
2023	(\$51,100,000)	(\$62,600,000)
2024	(\$67,100,000)	(\$76,200,000)
2025	(\$81,700,000)	(\$92,300,000)

**Fiscal Analysis**

The bill would amend Chapter 313 of the Tax Code, regarding the Texas Economic Development Act, to create a method by which a "single unified project" in more than one school district would be considered a single project for certain purposes under this chapter.

The bill would add new Section 313.0255 to allow a multi-district project in contiguous school districts, designated a single unified project by the Governor under Tax Code 313.024(d-2), to be eligible for a value limitation agreement under Subchapter B. The bill would not limit the number of school districts in a multi-district project. While the school districts would be required to be contiguous, there is no requirement different parcels of the project be contiguous.

The total required minimum qualified investment amount and the total required minimum limitation for the multi-district project would be the required qualified investment and minimum required limitation amount in the one school district in the multi-district group having the highest property value. That minimum limitation amount would be proportionally divided among the various school districts according the percentage of qualified investment in each of the districts.

The bill would add new section 313.055 to allow multi-district projects in Subchapter C school districts to similarly combine eligibility considerations and proportionally divide limitation amounts.

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Section 313.004(2)(A) currently prohibits property owners from pooling investment for ad valorem tax or financial benefit. The bill's provisions could allow the aggregation of property not normally included in Chapter 313 limitation agreements under current law, thereby increasing school district levy loss.

Single unified projects are determined by the Texas Economic Development and Tourism Office under Section 313.024(d-2). Any fiscal impact to the state would depend upon revision of Texas Administrative Code rules related to "single unified projects," as well as on the number and size of projects that are determined to be single unified projects in the future. The table above includes an estimate of school levy losses and additional state cost under the Foundation School Program that would result from provisions of the bill for possible multi-district projects executing agreements before the expiration of the chapter, December 31, 2022.

### **Local Government Impact**

School districts entering into Chapter 313 agreements would benefit from additional Foundation School Program state aid or reductions in recapture corresponding to losses in local M&O revenue resulting from the limitation on taxable value of affected property. Estimated losses in local M&O revenue are noted in the tables above.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS, JSp