87S20199 CJC-D

By:  Slaton H.B. No. 120

A BILL TO BE ENTITLED

AN ACT

relating to a credit against the ad valorem taxes imposed on property owned by a person who makes a donation to the state for the purpose of border security and reimbursement to taxing units for the revenue loss incurred as a result of the credit.

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

SECTION 1.  Chapter 31, Tax Code, is amended by adding Section 31.038 to read as follows:

Sec. 31.038.  TAX CREDIT FOR DONATIONS TO SUPPORT BORDER SECURITY EFFORTS. (a) In this section:

(1)  "Border security efforts" means programs or activities undertaken and funded by this state or an agency of this state to secure the international border of this state with the United Mexican States.

(2)  "Business entity" means a legal entity, including a corporation or partnership, that is formed for the purpose of making a profit.

(3)  "Principal office" means the location where the decision makers for a business entity conduct the daily affairs of the business.

(b)  An owner of property is entitled to a credit against the taxes imposed in a tax year on that property by a taxing unit if the owner:

(1)  is:

(A)  a United States citizen residing in this state; or

(B)  a business entity whose principal office is located in this state; and

(2)  donates money to this state in support of border security efforts.

(c)  The amount of the credit to which a property owner is entitled under this section is equal to the lesser of:

(1)  the total amount of money the property owner donated to this state in support of border security efforts during the preceding 12-month period; or

(2)  the total amount of taxes imposed on the property by all of the taxing units that tax the property.

(d)  The amount of the credit must first be applied against the taxes imposed on the property by the school district in which the property is located. If, after applying the credit against the taxes imposed on the property by the school district, any amount of the credit remains, that amount applies against the taxes imposed on the property by each taxing unit in which the property is located other than the school district in an amount computed by multiplying the remaining amount of the credit by a fraction, the numerator of which is the amount of taxes imposed on the property by the applicable taxing unit and the denominator of which is the total amount of taxes imposed on the property by all of the taxing units other than the school district that tax the property.

(e)  The property owner must file an application each year with the chief appraiser of the appraisal district in which the property is located to receive a credit under this section. The application must include an affidavit stating the amount of the donations described by Subsection (b)(2) made by the property owner during the preceding 12-month period and include any relevant information or documentation required by the application form.

(f)  The chief appraiser shall forward a copy of the application to the assessor for each taxing unit that taxes the property. The assessors for the taxing units shall consult with one another as necessary to compute the amount of credit, if any, to be granted by each taxing unit.

(g)  The comptroller shall adopt rules for the implementation and administration of this section, including rules prescribing the form of an application for the credit and specifying the 12-month period during which donations may be used to calculate the credit.

SECTION 2.  Section 481.078, Government Code, is amended by amending Subsection (c) and adding Subsection (d-2) to read as follows:

(c)  Except as provided by Subsections (d), [~~and~~] (d-1), and (d-2), the fund may be used only for economic development, infrastructure development, community development, job training programs, and business incentives.

(d-2)  The fund may be used by the comptroller to make border security tax credit reimbursement payments in the manner prescribed by Section 140.010, Local Government Code.

SECTION 3.  Chapter 140, Local Government Code, is amended by adding Section 140.010 to read as follows:

Sec. 140.010.  BORDER SECURITY TAX CREDIT REIMBURSEMENT PAYMENTS. (a) In this section, "taxing unit" and "tax year" have the meanings assigned by Section 1.04, Tax Code.

(b)  A taxing unit is entitled to a border security tax credit reimbursement payment from the state for a tax year for which the chief appraiser of the appraisal district in which the taxing unit participates approves an application for a credit under Section 31.038, Tax Code.

(c)  The amount of the border security tax credit reimbursement payment is equal to the revenue loss incurred by the taxing unit as a result of the credit under Section 31.038, Tax Code, in the tax year for which the border security tax credit reimbursement payment is sought.

(d)  Not later than April 1 of the year following the tax year for which the border security tax credit reimbursement payment is sought, the taxing unit may submit an application to the comptroller to receive a border security tax credit reimbursement payment for that tax year. The application must be made on a form prescribed by the comptroller.

(e)  A taxing unit that does not submit an application to the comptroller by the date prescribed by Subsection (d) is not entitled to a border security tax credit reimbursement payment for the tax year for which the deadline applies.

(f)  The comptroller shall review each application by a taxing unit to determine whether the taxing unit is entitled to a border security tax credit reimbursement payment. If the comptroller determines that the taxing unit is entitled to the payment, the comptroller shall remit the payment to the taxing unit not later than the 30th day after the date the application for the payment is made.

(g)  The comptroller shall make border security tax credit reimbursement payments using money in the Texas Enterprise Fund. In the event that the Texas Enterprise Fund does not maintain a positive balance on the date the comptroller is required to make a payment, the comptroller shall make the payment using undedicated money in the general revenue fund.

(h)  The comptroller may adopt rules to implement and administer this section.

SECTION 4.  This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 5.  This Act takes effect January 1, 2023, but only if the constitutional amendment proposed by the 87th Legislature, 2nd Called Session, 2021, to authorize the legislature to provide for a credit against the ad valorem taxes imposed on property owned by a person who makes a donation to the state for the purpose of border security and to provide for the reimbursement of political subdivisions for the revenue loss incurred as a result of the credit is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.