87R9316 SMH-D

By:  Hall S.B. No. 1207

A BILL TO BE ENTITLED

AN ACT

relating to the requirements for eligibility for a limitation on the appraised value of property for school district maintenance and operations ad valorem tax purposes under the Texas Economic Development Act and the imposition of a penalty for failure to meet certain eligibility requirements.

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

SECTION 1.  Section 313.026(c), Tax Code, is amended to read as follows:

(c)  The comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that:

(1)  the project proposed by the applicant is reasonably likely to generate, before the third [~~25th~~] anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement; and

(2)  the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

SECTION 2.  Subchapter B, Chapter 313, Tax Code, is amended by adding Section 313.0274 to read as follows:

Sec. 313.0274.  RECAPTURE OF AD VALOREM TAX REVENUE LOST IF TAX REVENUE GENERATED DOES NOT OFFSET TAX REVENUE LOST. (a) Notwithstanding any other provision of this chapter to the contrary, the audit submitted under Section 313.034 by a recipient of a limitation on appraised value under this chapter must show that the tax revenue described by Section 313.034(1) is sufficient to offset the tax revenue described by Section 313.034(2).

(b)  If in any tax year the audit submitted by a recipient of a limitation on appraised value under this chapter fails to comply with Subsection (a), the recipient is liable to this state for a penalty equal to the amount computed by subtracting from the market value of the property for that tax year the value of the property as limited by the agreement and multiplying the difference by the maintenance and operations tax rate of the school district for that tax year.

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

(d)  In the event of a casualty loss that prevents a person from complying with Subsection (a), the person may request and the comptroller may grant a waiver of the penalty imposed under Subsection (b).

SECTION 3.  The heading to Section 313.0275, Tax Code, is amended to read as follows:

Sec. 313.0275.  RECAPTURE OF AD VALOREM TAX REVENUE LOST IF PROPERTY OWNER FAILS TO MAKE MINIMUM AMOUNT OF QUALIFIED INVESTMENT.

SECTION 4.  Subchapter B, Chapter 313, Tax Code, is amended by adding Section 313.034 to read as follows:

Sec. 313.034.  AUDIT SHOWING TAX REVENUE GENERATED AND LOST. After each ad valorem tax year covered by the agreement beginning with the third ad valorem tax year, each recipient of a limitation on appraised value under this chapter shall submit to the comptroller an audit prepared by an independent auditor showing:

(1)  the tax revenue generated by the project, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy; and

(2)  the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement.

SECTION 5.  Section 313.025(f-1), Tax Code, is repealed.

SECTION 6.  The change in law made by this Act applies only to an agreement entered into under Chapter 313, Tax Code, pursuant to an application filed under that chapter on or after the effective date of this Act. An agreement entered into under that chapter pursuant to an application filed 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.

SECTION 7.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.