

By: Hall

S.B. No. 1207

A BILL TO BE ENTITLED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 SECTION 6. The change in law made by this Act applies only
20 to an agreement entered into under Chapter 313, Tax Code, pursuant
21 to an application filed under that chapter on or after the effective
22 date of this Act. An agreement entered into under that chapter
23 pursuant to an application filed before the effective date of this
24 Act is governed by the law in effect on the date the application was
25 filed, and the former law is continued in effect for that purpose.

26 SECTION 7. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2021.