By:  Hunter H.B. No. 5

A BILL TO BE ENTITLED

AN ACT

relating to agreements to create jobs and to generate state and local tax revenue for this state.

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

SECTION 1.  Chapter 403, Government Code, is amended by adding Subchapter S to read as follows:

Subchapter S. AGREEMENTS TO CREATE JOBS AND TO GENERATE STATE AND LOCAL REVENUE

Sec. 403.6005.  PURPOSES. The purposes of this subchapter are to:

(1)  create new, high-paying permanent jobs and construction jobs in this state;

(2)  encourage financially beneficial economic development in this state;

(3)  provide a temporary and limited competitive economic incentive for attracting to this state large-scale manufacturing projects that, in the absence of this subchapter, would likely locate in another state or nation;

(4)  strengthen the security and resource independence of this state and nation by encouraging infrastructure development;

(5)  promote the relocation of offshore manufacturing facilities to this state;

(6)  make this state a national and international leader in new and innovative technologies;

(7)  encourage the establishment of advanced manufacturing industry sectors critical to national defense and security;

(8)  create new wealth, raise personal income, and foster long-term expansion of state and local tax bases; and

(9)  provide growing and sustainable economic opportunity for the citizens of this state.

Sec. 403.601.  DEFINITIONS. In this subchapter:

(1)  "Agreement" means a written agreement between the owner of a new investment project and a school district in this state.

(2)  "New investment project" means the construction and operation of new improvements to realty or placement into service in this state new tangible personal property that did not exist on the date of the agreement.

(3)  "Qualified industry" means:

(A)  manufacturing;

(B)  critical infrastructure; or

(C)  national and state security and critical domestic supply chain support.

Sec. 403.602.  APPLICATION. (a) A person may apply to the school district for approval of an agreement under this subchapter. An application must be made on a form prescribed by the comptroller and contain the following information:

(1)  the applicant's name, address, Texas taxpayer identification number, and contact information of an authorized representative;

(2)  the applicant's form of business and, if applicable, the name, address, and Texas taxpayer identification number of the applicant's parent entity;

(3)  the school district's name and address, the county in which the district is located or the county in which the project is located if the district is in more than one county, and the contact information of the district's authorized representative;

(4)  the address of the project or proposed facility, if different from the applicant's address;

(5)  a brief description of the project, including the classification of the project as designated by the North American Industry Classification System as of the date of the application;

(6)  a brief description of the eligible property for which the applicant is seeking an agreement;

(7)  the estimated dates of commencement of construction, completion of construction, and commencement of commercial operations of the project;

(8)  the name and location of the reinvestment zone or enterprise zone in which the project is located;

(9)  a brief summary of the economic benefits of the project; and

(10)  the applicant's signature and certification.

(b)  The application must be accompanied by an application fee payable to the school district.

(c)  The school district shall forward the application to the comptroller within 30 days of receipt from the applicant.

(d)  Subject to the confidentiality requirements of Section 403.616, the comptroller shall publish the application and the information described by Subsections (b)(2)-(5), and any subsequent revisions of the application or the information on the comptroller's Internet website.

Sec. 403.603.  ECONOMIC BENEFIT STATEMENT. (a) The applicant shall submit with the application an economic benefit statement containing estimates of the economic and fiscal impacts on the school district and the state for the 25-year period commencing on the date on which the applicant estimates construction of the project will commence.

(b)  The comptroller shall establish criteria for the methodology of the economic benefit statement submitted by the applicant and may require the applicant to supplement or modify the statement to ensure the accuracy of the estimates listed in Subsection (a).

Sec. 403.604.  COMPTROLLER RECOMMENDATION OF APPLICATION. (a) The comptroller shall recommend an application for approval by the school district if the comptroller finds that the project provides a net economic or financial benefit to the state.

(b)  If the comptroller finds that the project does not meet the criteria established by Subsection (a), the comptroller shall not recommend the application for approval.

Sec. 403.605.  SCHOOL DISTRICT APPROVAL. (a) Within days of receiving a recommendation to approve an application from the comptroller under Section 403.604, the school district shall either approve or disapprove of the agreement.

Sec. 403.606.  REPORTS BY APPLICANT. The comptroller shall promulgate an online reporting form for applicants to submit to the agency by April 1 of each even-numbered year that reports the following information for each year since the application was approved and for three years after the limitation has expired:

(1)  the application number, name of the applicant, name of the school district which levies ad valorem taxes on the project, and name and contact information for the applicant's representative;

(2)  the parcel number of the property subject to the agreement;

(3)  the total number of jobs created by the project;

(4)  the total wages paid;

(5)  the total amount of the investment;

(6)  the appraised value of all property associated with the project, including property subject to the agreement and any other real or tangible personal property owned by the applicant as part of the project;

(7)  the taxable value of all property associated with the project, including property subject to the agreement and any other real or tangible personal property owned by the applicant as part of the project, for school district maintenance and operations ad valorem tax purposes;

(8)  the total amount of school district maintenance and operations ad valorem taxes paid by the applicant;

(9)  the total amount of school district interest and sinking fund ad valorem taxes paid by the applicant;

(10)  the total amount for school district ad valorem taxes the applicant would have paid in the absence of an agreement;

(11)  the total amount of payments other than ad valorem taxes made by the applicant to the school district.

Sec. 403.607.  REPORTS BY SCHOOL DISTRICT. (a) A school district that levies ad valorem taxes on the project shall submit at its own expense to the comptroller a report not later than April 1 of each even-numbered year since the application was approved and for three years after the limitation has expired.

(b)  The report shall include:

(1)  the total amount of payments other than ad valorem taxes received from the applicant;

(2)  the total amount of any other direct or indirect benefits received from the applicant such as in-kind contributions or other financial benefits; and

(3)  the purposes for which the payments and benefits were used by the school district.

(c)  The comptroller shall promulgate a form to be used by the school district for purposes of this section.

Sec. 403.608.  DISTRIBUTION OF SAVINGS FROM THE AGREEMENT. (a) If an application is approved under this subchapter, the applicant shall not later than January 31 of each year of the term of the agreement and as provided by rule:

(1)  retain the greater percentage of any tax savings resulting from the agreement; and

(2)  remit the lesser percentage of any tax savings resulting from the agreement to the comptroller.

(b)  The comptroller shall distribute the funds received under Subsection (a) as provided by rule as follows:

(1)  the greater percentage of the funds received are payable to the school district that levies ad valorem taxes on the project, to be used solely for direct instructional purposes; and

(2)  the lesser percentage of the funds received shall be deposited to the credit of the general revenue fund for distribution as specified by a general appropriations act.

(c)  The applicant shall annually calculate the tax savings from the agreement by multiplying the school district maintenance and operations ad valorem tax rate by the difference between the taxable value in the absence of the agreement and the taxable value as specified by the agreement, as shown on the tax bill received by the applicant from the school district.

Sec. 403.609.  RULES AND FORMS. The comptroller shall adopt rules and forms necessary for the implementation and administration of this subchapter.

SECTION 2.  This Act takes effect September 1, 2023.