By:  Springer S.B. No. 1926

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of the Texas Mircale Act (TMA), allowing for certain fees, authorizing certain ad valorem tax incentives for economic development, specifically certain tax relief from school district taxes for certain corporations and limited liability companies that make large investments that create jobs in this state, to authorizing the imposition of certain fees, and the repeal of Chapter 313 of Texas Tax Code and the Economic Development Act of the 77th Legislature.

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

SECTION 1.  Subtitle A, Title 2, Tax Code, is amended by adding Chapter 310 to read as follows:

CHAPTER 310. TEXAS ECONOMIC VITALITY ACT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 310.001.  SHORT TITLE. This chapter may be cited as the Texas Mircale Act(TMA).

Sec. 310.002.  FINDINGS. The legislature finds that:

1)  many states have enacted aggressive economic development laws designed to attract large employers, create jobs, and strengthen their economies;

2)  a significant portion of the Texas economy continues to be based in the manufacturing industry, and the continued growth and overall health of the manufacturing sector serves the Texas economy well;

3)  foreign competitors, who recognize the benefits of the science and technology that originates from Texas, are organizing massive human and capital resources on a national level to take the lead in science and technology with long-term consequences.

4)  without vibrant, strong manufacturing, science and technology sectors, other sectors of the economy, especially the state's service sector, will also suffer adverse consequences;

5)  the current property tax system of this state does not favor capital intensive manufacturing, critical infrastructure, State and national security projects; and

6)  for Texas to unilaterally disarm itself of incentives for large capital investments, places the state at a disadvantage in the national and world marketplace, and risks the long-term economic security of the state.

Sec. 310.003.  PURPOSES. The purposes of this chapter are to:

1)  enable state and local government officials, especially those in rural and economic distressed areas of the state, to compete with other states by authorizing economic development incentives that are comparable to incentives being offered to prospective employers by other states and to provide state and local officials with an effective means to attract or keep large-scale business investment to area

2)  create new, high paying jobs in these areas and across the state;

3)  attract to this state new, large-scale businesses that are exploring opportunities to locate in other states or other countries;

4)  keep in the state, existing large-scale businesses that are exploring opportunities to expand to other states or other countries;

5)  ensuring the effective protection of science and technologies critical to Texas and U.S. national security interests;

6)  strengthen and maintain the great gains and overall performance of the economy of this state;

7)  expand and enlarge the ad valorem property tax base of this state by attracting or keeping large-scale businesses that otherwise would not exist; and

8)  enhance this state's economic development efforts by providing state officials, local officials, and economic development professionals with an effective economic development tool.

Sec. 310.004.  LEGISLATIVE INTENT. It is the intent of the legislature in enacting this chapter that:

1)  economic development decisions should benefit the level but be consistent with identifiable statewide and regional economic development goals;

2)  this chapter should not be construed or interpreted to allow:

a.  property owners to pool investments to create sufficiently large investments to qualify for an ad valorem tax benefit or financial benefit provided by this chapter;

b.  an applicant for an ad valorem tax benefit or financial benefit provided by this chapter to assert that jobs will be eliminated if certain investments are not made if the assertion is not true; or

c.  a sole proprietorship, partnership, or limited liability partnership to receive an ad valorem tax benefit or financial benefit provided by this chapter.

3)  in implementing this chapter, the Governor, Lieutenant Governor, Comptroller, and Speaker should:

a.  strictly interpret the criteria and selection guidelines provided by this chapter; and

b.  issue the privileges of ad valorem tax benefits under this chapter only for those applications that:

i.  create high-paying jobs;

ii.  provide a net benefit to the state over the long term; and

iii.  advance the economic development goals of this state.

Sec. 313.005.  AUDIT OF AGREEMENTS BY STATE AUDITOR. Each year, the state auditor shall review at least three major agreements, as determined by the state auditor, under this chapter to determine whether:

1)  each agreement accomplishes the purposes of this chapter as expressed in Section 310.003;

2)  each agreement complies with the intent of the legislature in enacting this chapter as expressed in Section 310.004; and

3)  the terms of each agreement were executed in compliance with the terms of this chapter.

4)  As part of the review, the state auditor shall make recommendations relating to increasing the efficiency and effectiveness of the administration of this chapter.

Sec. 310.006  IMPOSITION OF IMPACT FEE. In this section, "impact fee" means:

1)  a charge or assessment imposed against a qualified property, as defined by Section 310.010, in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions for water, wastewater, or storm water services or for roads necessitated by or attributable to property that receives an ad valorem tax benefit under this chapter.

2)  Notwithstanding any other law, including Chapter 395, Local Government Code, a municipality, or county may impose and collect from the owner of a qualified property a reasonable impact fee under this section to pay for the cost of providing improvements associated with or attributable to property that receives an ad valorem tax benefit under this chapter.

Sec.310.07: RULES AND FORMS; FEES. The Comptroller and Texas Workforce Commission shall:

1)  adopt rules and forms necessary for the implementation and administration of this chapter, including rules for determining whether a property owner's land qualifies as a qualified investment under this Chapter and

2)  to post online, without charge, a copy of the rules and forms for an ad valorem tax benefit under this chapter on the Comptroller's website.

3)  The Comptroller and Texas Workforce Commission may impose application fees that must be reasonable and may not exceed the estimated cost to the agencies for processing and acting on an application, including any cost associated with the economic impact evaluation required by the Chapter.

SUBCHAPTER B. LIMITATION ON APPRAISED VALUE OF CERTAIN

PROPERTY USED TO CREATE JOBS

Sec. 310.100  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. 310.200  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 7 days of receipt from the applicant.

(d)  Subject to the confidentiality requirements of Section 310.616, 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. 310.603.  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. 310.604.  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:

(1)  no financial harm to the school district; and

(2)  a net economic or financial benefit to the state.

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

Sec. 310.605.  SCHOOL DISTRICT APPROVAL. (a) Within 21 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. 310.606.  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. 310.607.  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. 310.608.  RULES AND FORMS. The comptroller shall adopt rules and forms necessary for the implementation and administration of this subchapter.

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SECTION 4.  Chapter 313 of the Texas Tax Code is repealed.

SECTION 3.  The change in law made by this Act applies only to a person receiving an ad valorem tax benefit under this chapter

issued on or after January 1, 2024. Any a person receiving an ad valorem tax benefit under state law before January 1, 202, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 4.  This Act takes effect September 1, 2023.