

By: Hunter, Meyer, Burrows, Shine, Longoria,
et al.

H.B. No. 5

Substitute the following for H.B. No. 5:

By: Shine

C.S.H.B. No. 5

A BILL TO BE ENTITLED

1 AN ACT
2 relating to agreements authorizing a limitation on taxable value on
3 certain property to provide for the creation of jobs and the
4 generation of state and local tax revenue; authorizing fees;
5 authorizing a penalty.

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

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

9 SUBCHAPTER T. AGREEMENTS TO CREATE JOBS AND GENERATE STATE AND
10 LOCAL TAX REVENUE

11 Sec. 403.601. PURPOSES. The purposes of this subchapter
12 are to:

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

15 (2) encourage financially positive economic
16 development in this state;

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

21 (4) strengthen the security and resource independence
22 of this state and nation by encouraging energy and water
23 infrastructure development, new and expanded electric power
24 generation, and electric grid reliability projects;

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

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

5 (7) encourage the establishment of advanced
6 manufacturing industry sectors critical to national defense and
7 health care;

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

10 (9) provide growing and sustainable economic
11 opportunity for the residents of this state; and

12 (10) incentivize the preceding objectives in a
13 balanced, transparent, and accountable manner.

14 Sec. 403.602. DEFINITIONS. In this subchapter:

15 (1) "Additional job" means a full-time job in
16 connection with an eligible project that is not a required job for
17 the same project.

18 (2) "Agreement" means an agreement entered into under
19 Section 403.612.

20 (3) "Applicant" means a person that applies for, or
21 enters into an agreement providing for, a limitation on the taxable
22 value of eligible property used as part of an eligible project,
23 including the person's assignees or successors-in-interest.

24 (4) "Appraised value," "tax year," and "taxing unit"
25 have the meanings assigned by Section 1.04, Tax Code.

26 (5) "Construction completion date" means the date on
27 which an eligible project is first capable of being used for the

1 purposes for which it is constructed.

2 (6) "Construction job" means an otherwise full-time
3 job that is temporary in nature and is performed before the start of
4 the incentive period applicable to an eligible project to perform
5 construction, maintenance, remodeling, or repair work for an
6 applicant in connection with the project.

7 (7) "Construction period" means the period prescribed
8 by an agreement as the construction period of the eligible project
9 that is the subject of the agreement.

10 (8) "Eligible project" means a project that:

11 (A) is a national or state security project or
12 supply chain infrastructure project;

13 (B) is a manufacturing project; or

14 (C) requires an investment in a school district
15 in this state of more than \$1 billion.

16 (9) "Eligible property" means property, other than
17 property used for intermittent power generation to supply
18 electricity to the power grid, that is used as part of an eligible
19 project that is wholly owned by an applicant or leased by an
20 applicant under a capitalized lease and consists of:

21 (A) a new building or expansion of an existing
22 building, including a permanent, nonremovable component of a
23 building, that is:

24 (i) constructed after the date the
25 agreement pertaining to the project is entered into; and

26 (ii) located in an area designated as a
27 reinvestment zone under Chapter 311 or 312, Tax Code, or as an

1 enterprise zone under Chapter 2303 of this code, at the time the
2 agreement pertaining to the project is entered into; or

3 (B) tangible personal property, other than
4 inventory, first located in the zone described by Paragraph (A)(ii)
5 after the date the agreement pertaining to the project is entered
6 into.

7 (10) "Full-time job" means a permanent full-time job
8 that requires a total of at least 1,600 hours of work a year in
9 connection with an eligible project.

10 (11) "Grid reliability project" means a project:

11 (A) that generates base load or dispatchable
12 electricity for the power grid, including from thermal sources, or
13 that provides stored energy to the power grid from batteries,
14 regardless of power source;

15 (B) that increases the output capacity or
16 reliability of an existing dispatchable electric power generation
17 facility or that replaces dispatchable electric power generation
18 assets to extend the useful life of the facility, including
19 equipment that enables the use of multiple fuels;

20 (C) that creates or expands the capability to
21 store fuel used by an electric power generation facility,
22 regardless of whether the fuel is stored at the facility site;

23 (D) to produce hydrogen fuel or feed stock;

24 (E) that is a natural gas terminal or storage
25 facility; or

26 (F) that is a gas processing plant, including a
27 plant used in the processing, treatment, or fractionation of

1 natural gas.

2 (12) "Incentive period" for an eligible project means
3 the period prescribed by the agreement pertaining to the project
4 during which the eligible property used as part of the project is
5 subject to a limitation on taxable value.

6 (13) "Independent contractor" has the meaning
7 assigned by Section 406.121, Labor Code.

8 (14) "Investment" means the costs incurred by an
9 applicant to acquire or construct eligible property composing an
10 eligible project, other than the cost of land or inventory.

11 (15) "Manufacturing project" means a project
12 primarily engaged in activities described by Sectors 31-33 of the
13 2007 North American Industry Classification System, including
14 semiconductor fabrication cleanrooms and equipment as defined by
15 Section 151.318(q), Tax Code.

16 (16) "Metropolitan statistical area" means an area so
17 designated by the United States Office of Management and Budget.

18 (17) "National or state security project or supply
19 chain infrastructure project" means:

20 (A) a grid reliability project; or

21 (B) a seawater or brackish groundwater
22 desalination project.

23 (18) "Required job" means a job that an applicant
24 commits to create or demonstrate in connection with an eligible
25 project as prescribed by Section 403.604.

26 (19) "Total jobs" means the sum of required jobs and
27 additional jobs in connection with an eligible project.

1 Sec. 403.603. EXPIRATION. This subchapter expires December
2 31, 2036.

3 Sec. 403.604. REQUIRED JOBS AND INVESTMENT. (a) This
4 section does not apply to a national or state security project or
5 supply chain infrastructure project.

6 (b) To be eligible to enter into an agreement, an applicant
7 for a limitation on taxable value of eligible property to be used
8 for a proposed eligible project must agree to:

9 (1) if the project is to be located in a school
10 district with a taxable value of property of \$10 billion or more for
11 the tax year preceding the year in which the applicant submits the
12 application as determined under Subchapter M:

13 (A) create at least 50 required jobs by the end of
14 the first tax year of the incentive period prescribed by the
15 agreement and demonstrate an average of at least that number of jobs
16 during each following tax year until the date the agreement
17 expires; and

18 (B) make an investment in the project in an
19 amount of at least \$100 million before the incentive period begins;

20 (2) if the project is to be located in a school
21 district with a taxable value of property of at least \$1 billion but
22 less than \$10 billion for the tax year preceding the year in which
23 the applicant submits the application as determined under
24 Subchapter M:

25 (A) create at least 40 required jobs by the end of
26 the first tax year of the incentive period prescribed by the
27 agreement and demonstrate an average of at least that number of jobs

1 during each following tax year until the date the agreement
2 expires; and

3 (B) make an investment in the project in an
4 amount of at least \$80 million before the incentive period begins;

5 (3) if the project is to be located in a school
6 district with a taxable value of property of at least \$500 million
7 but less than \$1 billion for the tax year preceding the year in
8 which the applicant submits the application as determined under
9 Subchapter M:

10 (A) create at least 25 required jobs by the end of
11 the first tax year of the incentive period prescribed by the
12 agreement and demonstrate an average of at least that number of jobs
13 during each following tax year until the date the agreement
14 expires; and

15 (B) make an investment in the project in an
16 amount of at least \$50 million before the incentive period begins;

17 (4) if the project is to be located in a school
18 district with a taxable value of property of at least \$100 million
19 but less than \$500 million for the tax year preceding the year in
20 which the applicant submits the application as determined under
21 Subchapter M:

22 (A) create at least 10 required jobs by the end of
23 the first tax year of the incentive period prescribed by the
24 agreement and demonstrate an average of at least that number of jobs
25 during each following tax year until the date the agreement
26 expires; and

27 (B) make an investment in the project in an

1 amount of at least \$25 million before the incentive period begins;

2 or

3 (5) if the project is to be located in a school
4 district with a taxable value of property of less than \$100 million
5 for the tax year preceding the year in which the applicant submits
6 the application as determined under Subchapter M or in a school
7 district that is not located in a metropolitan statistical area:

8 (A) create at least five required jobs by the end
9 of the first tax year of the incentive period prescribed by the
10 agreement and demonstrate an average of at least that number of jobs
11 during each following tax year until the date the agreement
12 expires; and

13 (B) make an investment in the project in an
14 amount of at least \$10 million before the incentive period begins.

15 (c) For purposes of Subsection (b), each required job
16 created in connection with an eligible project:

17 (1) must be a new full-time job in this state:

18 (A) maintained in the usual course and scope of
19 the applicant's business, which may be performed by an individual
20 who is a trainee under the Texans Work program established under
21 Chapter 308, Labor Code; or

22 (B) performed by an independent contractor and
23 the independent contractor's employees at the site of the project;
24 and

25 (2) may not be transferred by the applicant from an
26 existing facility or location in this state or otherwise created to
27 replace an existing job, unless the applicant fills the vacancy

1 caused by the transfer.

2 (d) For purposes of Subsection (b), an applicant may count
3 as a required job one construction job credit. An applicant is
4 entitled to one construction job credit in connection with an
5 eligible project for every 10 construction jobs created in
6 connection with the project before the date the incentive period
7 for the project begins. An applicant may elect to determine the
8 number of construction jobs for purposes of this subsection as the
9 quotient of:

10 (1) the total amount paid by the applicant for labor in
11 connection with construction of the project before the incentive
12 period for the project begins, as evidenced by:

13 (A) separated charges for labor services on
14 contractor invoices; or

15 (B) other documentation from contractors of the
16 cost of labor performed under lump-sum contracts; and

17 (2) the average annual wage for all jobs in the county
18 in which the project is primarily located during the most recent
19 four quarters for which data is available, as computed by the Texas
20 Workforce Commission.

21 (e) For purposes of calculating the applicable number of
22 required jobs under Subsection (b) in connection with an eligible
23 project, an applicant may aggregate the number of hours worked by
24 one or more individuals who work fewer than 1,600 hours a year in
25 connection with the project if the number of hours worked by each of
26 those individuals combined meets or exceeds 1,600 hours of work a
27 year.

1 (f) For purposes of Subsection (b), an applicant may
2 demonstrate that the applicant has met the applicable minimum
3 investment requirement by any reasonable means. The applicant is
4 considered to have met the applicable minimum investment
5 requirement if the most recent appraisal roll for the county in
6 which the eligible property is located indicates that the appraised
7 value of the property composing the project as of January 1 of the
8 first year of the incentive period is equal to or greater than the
9 minimum investment requirement applicable to the project.

10 Sec. 403.605. TAXABLE VALUE OF ELIGIBLE PROPERTY. (a)
11 Except as provided by Subsection (b), the taxable value for school
12 district maintenance and operations ad valorem tax purposes of
13 eligible property subject to an agreement for each tax year of the
14 incentive period prescribed by the agreement is equal to:

15 (1) \$100 million, if the project subject to the
16 agreement is located in a school district with a taxable value of
17 property of \$10 billion or more for the tax year preceding the year
18 in which the applicant submitted the application to which the
19 agreement pertains as determined under Subchapter M;

20 (2) \$75 million, if the project subject to the
21 agreement is located in a school district with a taxable value of
22 property of at least \$1 billion but less than \$10 billion for the
23 tax year preceding the year in which the applicant submitted the
24 application to which the agreement pertains as determined under
25 Subchapter M;

26 (3) \$50 million, if the project subject to the
27 agreement is located in a school district with a taxable value of

1 property of at least \$500 million but less than \$1 billion for the
2 tax year preceding the year in which the applicant submitted the
3 application to which the agreement pertains as determined under
4 Subchapter M;

5 (4) \$25 million, if the project subject to the
6 agreement is located in a school district with a taxable value of
7 property of at least \$100 million but less than \$500 million for the
8 tax year preceding the year in which the applicant submitted the
9 application to which the agreement pertains as determined under
10 Subchapter M; or

11 (5) \$5 million, if the project subject to the
12 agreement is located in a school district with a taxable value of
13 property of less than \$100 million for the tax year preceding the
14 year in which the applicant submitted the application to which the
15 agreement pertains as determined under Subchapter M.

16 (b) The taxable value of eligible property for school
17 district maintenance and operations ad valorem tax purposes for a
18 tax year during the incentive period is the appraised value of the
19 property for that tax year if that value is less than the value of
20 the property as determined under Subsection (a).

21 (c) The taxable value of eligible property for school
22 district maintenance and operations ad valorem tax purposes is zero
23 for each tax year beginning with the tax year following the year in
24 which the agreement pertaining to the property is entered into and
25 ending December 31 of the tax year that includes the construction
26 completion date for the applicable eligible project.

27 (d) The chief appraiser for the appraisal district in which

1 eligible property is located shall determine the market value and
2 appraised value of the property and include the market value,
3 appraised value, and taxable value of the property as determined
4 under this section in the appraisal records for the appraisal
5 district.

6 (e) The chief appraiser for the appraisal district in which
7 eligible property subject to an agreement is located may not use an
8 estimated value included in the application to which the agreement
9 pertains to determine the market value of the property.

10 Sec. 403.606. APPLICATION. (a) A person who proposes to
11 construct an eligible project in a school district may apply to the
12 governing body of the district to limit the taxable value for
13 maintenance and operations ad valorem tax purposes of the district
14 of the eligible property used as part of the proposed project.

15 (b) A person submitting an application under Subsection (a)
16 must use the form prescribed by the comptroller. The form must
17 contain the following information:

18 (1) the applicant's name, address, and Texas taxpayer
19 identification number and the contact information for the
20 applicant's authorized representative;

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

24 (3) the applicable school district's name and address
25 and the contact information for the district's authorized
26 representative;

27 (4) the legal description of the property on which the

1 project is proposed to be located and, if applicable, the address of
2 the proposed project;

3 (5) the applicable number of required jobs prescribed
4 by Section 403.604 for the proposed project;

5 (6) a list of each taxing unit in which the project is
6 proposed to be located;

7 (7) a brief description of the proposed project,
8 including the classification of the project as designated by the
9 North American Industry Classification System;

10 (8) a brief description of the eligible property to be
11 used as part of the proposed project;

12 (9) a projected timeline for construction and
13 completion of the proposed project, including the projected dates
14 on which construction will begin, construction will be completed,
15 and commercial operations will start;

16 (10) the proposed incentive period;

17 (11) the name and location of the existing or proposed
18 reinvestment zone or enterprise zone in which the proposed project
19 will be located;

20 (12) a brief summary of the projected economic
21 benefits of the proposed project; and

22 (13) the applicant's signature and certification of
23 the accuracy of the information included in the application.

24 (c) The form prescribed by Subsection (b) must allow the
25 applicant to segregate confidential information described by
26 Section 403.622(a) from other information in the application.

27 (d) An applicant must include with an application the

1 following:

2 (1) an application fee payable to the school district
3 in an amount determined by the district not to exceed \$60,000 for an
4 initial application, inclusive of the costs of processing the
5 application, retaining professional services, preparing the school
6 finance impact report required by Section 403.608, and, if
7 applicable, creating a reinvestment zone or enterprise zone;

8 (2) a map showing the site of the proposed project; and

9 (3) the economic benefit statement prepared under
10 Section 403.607 in connection with the proposed project.

11 (e) A school district that receives an application under
12 this section shall forward the application to the comptroller not
13 later than the seventh day after the date the district receives the
14 application.

15 (f) The comptroller may request that an applicant provide
16 any additional information the comptroller reasonably determines
17 is necessary to complete the comptroller's evaluation of the
18 application. The comptroller may require an applicant to submit
19 the additional information by a certain date and may extend that
20 deadline on a showing of good cause. The comptroller is not
21 required to take any further action on an application until it is
22 complete.

23 (g) The comptroller shall notify an applicant and the
24 pertinent school district when the applicant's application is
25 administratively complete.

26 Sec. 403.607. ECONOMIC BENEFIT STATEMENT. (a) An
27 applicant shall submit an economic benefit statement with the

1 applicant's application.

2 (b) An economic benefit statement must include the
3 following information for each year of the period that begins on the
4 date the applicant projects construction of the proposed project
5 that is the subject of the application will begin and ends on the
6 25th anniversary of the date the incentive period ends:

7 (1) an estimate of the number of total jobs that will
8 be created by the project;

9 (2) an estimate of the total amount of capital
10 investment that will be created by the project;

11 (3) an estimate of the increase in appraised value of
12 property that will be attributable to the project;

13 (4) an estimate of the amount of ad valorem taxes that
14 will be imposed by each taxing unit other than the school district
15 on the property used as part of the project;

16 (5) an estimate of the amount of state taxes that will
17 be paid in connection with the project; and

18 (6) an estimate of the associated economic benefits
19 that may reasonably be attributed to the project, including:

20 (A) the impact on the gross revenues and
21 employment levels of local businesses that provide goods or
22 services in connection with the project or to the applicant's
23 employees;

24 (B) the amount of state and local taxes that will
25 be generated as a result of the indirect economic impact of the
26 project, including all ad valorem taxes not otherwise estimated in
27 Subdivision (4) that will be imposed on property placed into

1 service as a result of the project;

2 (C) the development of complementary businesses
3 or industries that locate in this state as a direct consequence of
4 the project;

5 (D) the total impact of the project on the gross
6 domestic product of this state;

7 (E) the total impact of the project on personal
8 income in this state; and

9 (F) the total impact of the project on state and
10 local taxes.

11 (c) An applicant may use standard economic estimation
12 techniques, including economic multipliers, to create an economic
13 benefit statement.

14 (d) The comptroller shall establish criteria for the
15 methodology to be used by an applicant to create an economic benefit
16 statement.

17 (e) The comptroller may require an applicant to supplement
18 or modify an economic benefit statement to ensure the accuracy of
19 the estimates required to be included in the statement under
20 Subsection (b).

21 Sec. 403.608. SCHOOL FINANCE IMPACT REPORT. (a) A school
22 district that receives an application under this subchapter shall
23 promptly prepare a school finance impact report for the proposed
24 project that is the subject of the application.

25 (b) A school finance impact report must detail the projected
26 tax and revenue consequences for the school district of the
27 proposed project for each year of the 25-year period beginning on

1 the date the application is received by the district.

2 (c) A school finance impact report must include an estimate
3 of the amount of ad valorem taxes imposed by the school district
4 during the period described by Subsection (b) on the property used
5 as part of the proposed project, together with all related property
6 owned by the applicant or leased by the applicant under a
7 capitalized lease and placed in service as a direct result of the
8 project:

9 (1) for maintenance and operations purposes; and

10 (2) for interest and sinking fund purposes.

11 Sec. 403.609. COMPTROLLER DETERMINATION REGARDING
12 APPLICATION. (a) The comptroller shall determine whether to
13 recommend that a school district approve an application submitted
14 to the district under this subchapter.

15 (b) The comptroller shall notify an applicant and a school
16 district of the comptroller's determination under Subsection (a)
17 regarding an application submitted to the district by the applicant
18 not later than the 60th day after the date the comptroller
19 determines the application is complete.

20 (c) The comptroller shall recommend that a school district
21 approve an application submitted to the district if the comptroller
22 finds that:

23 (1) the proposed project that is the subject of the
24 application is an eligible project;

25 (2) the proposed project is reasonably likely to
26 generate, before the 25th anniversary of the last day of the
27 incentive period, state or local tax revenue, including ad valorem

1 tax revenue attributable to the effect of the project on the economy
2 of this state, in an amount sufficient to offset the school district
3 maintenance and operations ad valorem tax revenue lost as a result
4 of the agreement; and

5 (3) the agreement is a determining factor in the
6 applicant's decision to make the investment and locate the project
7 in this state.

8 (d) Subsection (c)(3) does not apply to an application if
9 the proposed project that is the subject of the application is a
10 grid reliability project.

11 Sec. 403.610. HEARING. (a) An applicant is entitled to a
12 hearing if the comptroller determines not to recommend that the
13 applicable school district approve an application submitted by the
14 applicant to the district.

15 (b) A hearing under this section is a contested case hearing
16 and shall be conducted by the State Office of Administrative
17 Hearings in the manner provided by Section [2003.101](#).

18 (c) To receive a hearing under this section, an applicant
19 must file a notice of appeal with the comptroller not later than the
20 30th day after the date the comptroller notifies the applicant of
21 the comptroller's determination under Section 403.609. The
22 comptroller's determination becomes final if the applicant does not
23 file the notice of appeal as provided by this subsection.

24 (d) An applicant may seek judicial review of the
25 comptroller's determination in a Travis County district court under
26 the substantial evidence rule as provided by Subchapter [G](#), Chapter
27 [2001](#).

1 Sec. 403.611. SCHOOL DISTRICT ACTION ON APPLICATION. (a)

2 The governing body of a school district shall approve or disapprove
3 an application submitted to the district under this subchapter that
4 the comptroller recommends be approved by the district. The
5 governing body may approve an application only if the comptroller
6 recommends the application be approved. The governing body shall
7 approve or disapprove the application not later than the 35th day
8 after the date the comptroller notifies the district of the
9 comptroller's determination under Section 403.609. The governing
10 body may extend the deadline prescribed by this subsection on
11 written request of the applicant.

12 (b) The governing body of a school district that disapproves
13 an application may propose amendments to the application and
14 reconsider the amended application not later than the 60th day
15 after the date the governing body disapproves the application. The
16 governing body may extend the deadline prescribed by this
17 subsection on written request of the applicant. The school
18 district may impose a fee of \$15,000 for an amendment to an
19 application.

20 (c) If the governing body of the school district and the
21 applicant agree on an amendment to the application under Subsection
22 (b), the amended application must be submitted to the comptroller
23 for a redetermination regarding the application. The comptroller
24 shall notify the applicant and school district of the comptroller's
25 redetermination regarding the application not later than the 30th
26 day after the date the comptroller receives the amended
27 application.

1 (d) The presiding officer of the governing body of a school
2 district shall notify the applicant and the comptroller of the
3 governing body's approval or disapproval of an application not
4 later than the seventh day after the date the governing body
5 approves or disapproves the application.

6 (e) Except for a payment authorized by this subchapter, an
7 employee or representative of a school district, a member of the
8 governing body of the district, or any other person may not
9 intentionally or knowingly solicit, accept, agree to accept, or
10 require any payment of money or transfer of property or other thing
11 of value, directly or indirectly, to the district, an employee or
12 representative of the district, a member of the governing body of
13 the district, or any other person in recognition of, anticipation
14 of, or consideration for approval of an application under this
15 section.

16 (f) Except for a payment authorized by this subchapter, an
17 applicant, an employee or representative of the applicant, or any
18 other person may not intentionally or knowingly offer, confer,
19 agree to confer, or make a payment of money or transfer of property
20 or other thing of value, directly or indirectly, to the school
21 district, an employee or representative of the district, a member
22 of the governing body of the district, or any other person in
23 recognition of, anticipation of, or consideration for approval of
24 an application under this section.

25 Sec. 403.612. AGREEMENT. (a) The governing body of a
26 school district that approves an application under Section 403.611
27 shall enter into an agreement with the applicant that submitted the

1 application.

2 (b) An agreement entered into under this section between an
3 applicant and a school district for an eligible project shall:

4 (1) specify the project to which the agreement
5 applies;

6 (2) specify the term of the agreement, which must:

7 (A) begin on the date the agreement is entered
8 into; and

9 (B) end on December 31 of the third tax year
10 following the end of the incentive period;

11 (3) specify the incentive period for the project;

12 (4) specify the manner for determining the taxable
13 value for school district maintenance and operations ad valorem tax
14 purposes during the incentive period under Section 403.605 for the
15 eligible property subject to the agreement;

16 (5) specify the applicable jobs and investment
17 requirements prescribed by Section 403.604 and require the
18 applicant to comply with those requirements;

19 (6) if the applicant is subject to the jobs
20 requirement prescribed by Section 403.604, require that the average
21 annual wage paid to all persons employed by the applicant in
22 connection with the project used to calculate total jobs, other
23 than a required job derived from a construction job credit, exceed
24 the average annual wage for all jobs in the county during the most
25 recent four quarters for which data is available, as computed by the
26 Texas Workforce Commission, with the applicant's average annual
27 wage being equal to the quotient of:

1 (A) the applicant's total wages paid, other than
2 wages paid for construction jobs, as reported under Section
3 403.617(c)(4); and

4 (B) the applicant's number of total jobs, other
5 than a required job derived from a construction job credit, as
6 reported under Section 403.617(c)(3);

7 (7) require the applicant to pay a penalty prescribed
8 by Section 403.615 if the applicant fails to comply with an
9 applicable jobs or wage requirement;

10 (8) authorize the district to terminate the agreement
11 if the applicant fails to meet a material requirement of the
12 agreement as provided by Subsection (e); and

13 (9) incorporate each relevant provision of this
14 subchapter.

15 (c) An agreement entered into under this section between an
16 applicant and a school district pertaining to an eligible project
17 may:

18 (1) require the applicant to:

19 (A) either:

20 (i) share a percentage of the applicant's
21 tax revenue savings with the district, as computed under Section
22 403.614; or

23 (ii) pay the district an amount specified
24 in the agreement, which may not be less than \$75,000 for each tax
25 year during the incentive period; and

26 (B) if the agreement requires the applicant to
27 share a percentage of the applicant's tax revenue savings under

1 Paragraph (A)(i), specify the tax savings percentages required to
2 compute the applicable tax sharing amount under Section 403.614;

3 (2) require the applicant to make an indemnity payment
4 to the district as provided by Subsection (f);

5 (3) authorize the applicant to terminate the agreement
6 as an alternative to making an indemnity payment to the district as
7 provided by Subsection (f); and

8 (4) authorize the district to terminate the agreement
9 as provided by Subsection (h).

10 (d) An agreement entered into under this section between an
11 applicant and a school district pertaining to an eligible project
12 may not require the applicant to make a payment to the district
13 other than a payment prescribed by this subchapter.

14 (e) This subsection applies to a term described by
15 Subsection (b)(8). The agreement must provide that the school
16 district:

17 (1) is authorized to terminate the agreement if the
18 applicant fails to meet a material requirement of the agreement,
19 other than a requirement described by Section 403.614;

20 (2) may not terminate the agreement until the district
21 provides written notice to the applicant of the proposed
22 termination;

23 (3) must provide the applicant the opportunity to cure
24 and dispute the alleged failure, including through judicial action;
25 and

26 (4) is entitled to recover all lost ad valorem tax
27 revenue from the project and interest on that amount calculated as

1 provided by Section 111.060, Tax Code.

2 (f) This subsection applies only if an agreement includes a
3 term described by Subsection (c)(2). The agreement must require
4 the applicant to make an indemnity payment to the school district
5 for a tax year during the incentive period in which the district's
6 revenue is substantially reduced as a result of the enactment of
7 legislation, an amendment to the constitution, or a final judicial
8 determination directly affecting the tax incentives authorized by
9 this subchapter, as determined by the Texas Education Agency as
10 provided by Subsection (g). The amount of the indemnity payment is
11 equal to the difference between the amount of revenue the district
12 would have received in that tax year had the legislation not been
13 enacted, the constitution not been amended, or the final judicial
14 determination not been made and the amount of revenue actually
15 received by the district in that tax year. The agreement must
16 provide that, as an alternative to making the indemnity payment,
17 the applicant may elect to terminate the agreement by notifying the
18 district in writing of the termination. An agreement terminated
19 under this subsection is void, and all remaining obligations and
20 benefits under the agreement and this subchapter terminate on the
21 date the agreement is terminated. The agreement may not require the
22 applicant to pay back any benefit the applicant received under the
23 agreement before the date the agreement is terminated under this
24 subsection.

25 (g) For purposes of Subsection (f), the Texas Education
26 Agency shall determine whether a law enacted by the legislature, an
27 amendment to the constitution, or a final judicial determination

1 results in a substantial change that affects the Foundation School
2 Program, not including facilities funding, and directly affects an
3 agreement entered into under this subchapter. If the agency makes a
4 determination under this subsection related to an agreement, the
5 agency shall establish the method the applicable school district
6 must use to calculate the indemnity payment and certify the
7 calculation made by the district.

8 (h) This subsection applies only if an agreement includes a
9 term described by Subsection (c)(4). The agreement may authorize
10 the school district to terminate the agreement under the
11 circumstances described by Subsection (f) if the district
12 determines that the indemnity payment made by the applicant would
13 not fully reimburse the district as required by that subsection.
14 The district must notify the applicant in writing of the
15 termination. An agreement terminated under this subsection is
16 void, and all remaining obligations and benefits under the
17 agreement and this subchapter terminate on the date the agreement
18 is terminated. The agreement may not require the applicant to pay
19 back any benefit the applicant received under the agreement before
20 the date the agreement is terminated under this subsection.

21 (i) An applicant and a school district may modify the terms
22 of an agreement that do not materially modify the jobs or investment
23 requirements prescribed by the agreement. The district may impose
24 a fee of \$15,000 for an amendment to an agreement.

25 (j) The school district shall append the economic benefit
26 statement applicable to the project that is the subject of the
27 agreement to the agreement.

1 (k) The school district shall submit each agreement entered
2 into by the district to the comptroller not later than the seventh
3 day after the date the agreement is entered into.

4 Sec. 403.613. INCENTIVE PERIOD. (a) An incentive period
5 pertaining to an eligible project is the period specified in the
6 agreement for the project, which must be a period of 10 consecutive
7 tax years.

8 (b) An incentive period may not begin:

9 (1) earlier than January 1 of the first tax year
10 following the construction completion date; or

11 (2) later than January 1 of the first tax year
12 following the 10th anniversary of the date the agreement is entered
13 into.

14 (c) Subject to Subsection (b), the beginning date of an
15 incentive period specified in an agreement pertaining to an
16 eligible project is deferred if the applicant does not satisfy the
17 minimum investment requirement applicable to the project on or
18 before the date the incentive period is specified to begin under the
19 agreement. The incentive period is deferred until January 1 of the
20 year following the year in which the applicant satisfies the
21 investment requirement pertaining to the project. The deferral of
22 an incentive period under this subsection does not affect the date
23 on which the incentive period ends as prescribed by the agreement.

24 (d) Subject to Subsection (b), an applicant may propose to
25 modify the beginning and ending dates of the incentive period as
26 provided by this subsection. The applicant shall provide notice of
27 the proposed modification to the comptroller and the school

1 district not later than the 90th day before the first day of the
2 incentive period specified in Section 403.612(b)(3) or as proposed
3 to be modified, whichever is earlier. The applicant shall revise
4 the most recent economic benefit statement as necessary to reflect
5 the proposed change to the incentive period. The applicant must
6 include the revised economic benefit statement with the notice
7 provided to the comptroller and the district under this subsection.
8 The comptroller shall make the finding required by Section
9 403.609(c)(2) regarding the project as proposed to be modified or
10 determine that the finding cannot be made. The comptroller shall
11 notify the applicant and the district of the comptroller's finding
12 or determination not later than the 60th day after the date the
13 comptroller receives notice from the applicant of the proposed
14 modification. The applicant may appeal the comptroller's
15 determination in the manner provided by Section 403.610. The
16 incentive period for the project may not be modified if the
17 comptroller determines that the finding required by Section
18 403.609(c)(2) regarding the project as proposed to be modified
19 cannot be made or, if the determination is appealed, the applicant
20 is not successful on appeal before the beginning of the original or
21 modified incentive period, whichever is earlier.

22 Sec. 403.614. COMPUTATION OF TAX SHARING AMOUNT. (a) An
23 applicant's tax revenue savings for eligible property that is
24 subject to an agreement between the applicant and a school district
25 is:

26 (1) for a tax year during the period prescribed by
27 Section 403.605(c), an amount equal to the product of:

1 (A) the amount computed by dividing the appraised
2 value of the property for that tax year by 100; and

3 (B) the maintenance and operations ad valorem tax
4 rate adopted by the district for that tax year; and

5 (2) for a tax year during the incentive period
6 prescribed by the agreement, an amount equal to the product of:

7 (A) the amount computed by:

8 (i) subtracting the taxable value of the
9 property as determined under Section 403.612(b)(4) from the
10 appraised value of the property for that tax year; and

11 (ii) dividing the amount computed under
12 Paragraph (A) by 100; and

13 (B) the maintenance and operations ad valorem tax
14 rate adopted by the district for that tax year.

15 (b) An applicant's tax sharing amount for a tax year during
16 the period described by Subsection (a)(1) is equal to 20 percent of
17 the applicant's tax revenue savings as computed under that
18 subdivision for that tax year.

19 (c) An applicant's tax sharing amount for a tax year during
20 the period described by Subsection (a)(2) in which the applicant's
21 tax revenue savings as computed under that subdivision is:

22 (1) \$3 million or less is the amount equal to the
23 product of the amount computed under Subsection (a)(2) and the
24 applicable tax savings percentage specified in the agreement
25 between the applicant and the school district, which may not exceed
26 30 percent;

27 (2) more than \$3 million but less than \$7 million is

1 the amount equal to the sum of the following amounts:

2 (A) the product of:

3 (i) \$3 million; and

4 (ii) the applicable tax savings percentage
5 specified in the agreement, which may not exceed 30 percent; and

6 (B) the product of:

7 (i) the difference between the amount
8 computed under Subsection (a)(2) and \$3 million; and

9 (ii) the applicable tax savings percentage
10 specified in the agreement, which may not exceed 20 percent; and

11 (3) \$7 million or more is the amount equal to the sum
12 of the following amounts:

13 (A) the product of:

14 (i) \$3 million; and

15 (ii) the applicable tax savings percentage
16 specified in the agreement, which may not exceed 30 percent;

17 (B) the product of:

18 (i) \$4 million; and

19 (ii) the applicable tax savings percentage
20 specified in the agreement, which may not exceed 20 percent; and

21 (C) the product of:

22 (i) the difference between the amount
23 computed under Subsection (a)(2) and \$7 million; and

24 (ii) the applicable tax savings percentage
25 specified in the agreement, which may not exceed 10 percent.

26 Sec. 403.615. FAILURE TO COMPLY WITH JOBS OR WAGE
27 REQUIREMENT. (a) An applicant is liable to the state for a penalty

1 in the amount computed under this subsection if the applicant fails
2 to maintain at least the number of required jobs prescribed by the
3 agreement to which the applicant is a party during the periods
4 covered by two consecutive reports submitted by the applicant under
5 Section 403.617. The amount of the penalty is equal to the product
6 of:

7 (1) the difference between:

8 (A) the number of required jobs prescribed by the
9 agreement; and

10 (B) the number of required jobs actually created
11 as stated in the most recent report submitted by the applicant under
12 Section 403.617; and

13 (2) the average annual wage prescribed by the
14 agreement during the most recent four quarters for which data is
15 available, as computed by the Texas Workforce Commission.

16 (b) An applicant is liable to the state for a penalty in the
17 amount computed under this subsection if the applicant fails to
18 meet the average annual wage requirement prescribed by the
19 agreement to which the applicant is a party, if any, during the
20 periods covered by two consecutive reports submitted by the
21 applicant under Section 403.617. The amount of the penalty is equal
22 to the difference between:

23 (1) the product of:

24 (A) the actual average annual wage paid to all
25 persons employed by the applicant in connection with the project
26 that is the subject of the agreement as computed under Section
27 403.612(b)(6); and

1 (B) the number of required jobs prescribed by the
2 agreement; and

3 (2) the product of:

4 (A) the average annual wage prescribed by the
5 agreement; and

6 (B) the number of required jobs prescribed by the
7 agreement.

8 (c) Notwithstanding Subsections (a) and (b), the amount of a
9 penalty imposed on an applicant under this section may not exceed
10 the amount of the ad valorem tax benefit received by the applicant
11 under the agreement that is the subject of the penalty.

12 (d) An applicant on request of the comptroller shall provide
13 to the comptroller a schedule of required jobs created as of the
14 date of the request under an agreement to which the applicant is a
15 party.

16 (e) A determination by the comptroller that an applicant has
17 failed to meet the jobs or wage requirement prescribed by an
18 agreement to which the applicant is a party is a deficiency
19 determination under Section 111.008, Tax Code. A penalty imposed
20 under this section is an amount the comptroller is required to
21 collect, receive, administer, or enforce, and is subject to the
22 payment and redetermination requirements of Sections 111.0081 and
23 111.009, Tax Code. A redetermination under Section 111.009, Tax
24 Code, of a determination under this section is a contested case as
25 defined by Section 2001.003 of this code.

26 (f) An applicant may challenge under Subchapters A and B,
27 Chapter 112, Tax Code, a determination under this section that

1 imposes a penalty on the applicant if the applicant contends that
2 the amount of the penalty is unlawful or that the comptroller may
3 not legally demand or collect the amount.

4 (g) The comptroller shall deposit the amount collected
5 under this section, including any interest applicable to the
6 amount, to the credit of the foundation school fund.

7 Sec. 403.616. AUDIT OF AGREEMENTS BY STATE AUDITOR. (a)

8 Each year the state auditor shall select and review at least three
9 major agreements to determine whether:

10 (1) each agreement accomplishes the purposes of this
11 subchapter as expressed in Section 403.601; and

12 (2) the terms of each agreement were executed in
13 compliance with the terms of this subchapter.

14 (b) As part of the review, the state auditor shall make
15 recommendations relating to increasing the efficiency and
16 effectiveness of the administration of this subchapter.

17 Sec. 403.617. BIENNIAL COMPLIANCE REPORT BY APPLICANT. (a)

18 An applicant that is a party to an agreement shall submit a report
19 to the comptroller as required by this section using the form
20 adopted by the comptroller.

21 (b) An applicant must submit a report required by this
22 section to the comptroller not later than June 1 of each
23 even-numbered year during the term of the agreement that is the
24 subject of the report.

25 (c) A report required by this section must include the
26 following documents and information applicable to the agreement
27 that is the subject of the report:

1 (1) a certification by the applicant that is a party to
2 the agreement that the applicant has met the jobs and investment
3 requirements prescribed by the agreement, which must include:

4 (A) a sworn affidavit stating:

5 (i) the number of required jobs prescribed
6 by the agreement;

7 (ii) the number of total jobs created under
8 the agreement as of December 31 of the preceding two years,
9 including the number of total jobs for each category of required
10 jobs; and

11 (iii) the name and contact information of
12 each person who employs a person described by Subparagraph (ii),
13 other than the applicant or the applicant's affiliates;

14 (B) if applicable, payroll records maintained
15 for purposes of 40 T.A.C. Chapter 815; and

16 (C) if applicable, evidence of the number of
17 construction jobs created and construction job credits counted by
18 the applicant as a required job;

19 (2) the number assigned to the application by the
20 comptroller for the agreement, name of the applicant, name of the
21 school district, and name of and contact information for the
22 applicant's representative;

23 (3) the number of total jobs, not including
24 construction job credits counted by the applicant as a required
25 job, created by the project in each of the preceding two years;

26 (4) the total wages paid for total jobs, not including
27 wages paid for construction jobs, in each of the preceding two

1 years;

2 (5) the number of construction jobs created as
3 determined under Section 403.604(d);

4 (6) the total amount of the applicant's investment,
5 including any additional amount invested by the applicant after the
6 incentive period begins;

7 (7) the appraised value of all property composing the
8 project for each previous tax year of the agreement;

9 (8) the taxable value of all property composing the
10 project for each previous tax year of the agreement;

11 (9) the amount of school district maintenance and
12 operations ad valorem taxes imposed on the property composing the
13 project and paid by the applicant for each previous tax year of the
14 agreement;

15 (10) the amount of school district interest and
16 sinking fund ad valorem taxes imposed on the property composing the
17 project and paid by the applicant for each previous tax year of the
18 agreement;

19 (11) the amount of school district ad valorem taxes
20 that would have been imposed on the property composing the project
21 and paid by the applicant in the absence of the agreement for each
22 previous tax year of the agreement;

23 (12) the amount of payments made by the applicant to
24 the school district as prescribed by the agreement for each
25 previous tax year of the agreement, listed by type of payment; and

26 (13) the amount of ad valorem taxes imposed on the
27 property composing the project by each taxing unit other than the

1 school district and paid by the applicant for each previous tax year
2 of the agreement, stated by taxing unit.

3 (d) This subsection applies only to a report required to be
4 submitted under this section by an applicant for the period that
5 includes the first year of the incentive period as prescribed by the
6 agreement that is the subject of the report or as deferred. In
7 addition to the documents and information described by Subsection
8 (c), the applicant must include with the certification required by
9 Subsection (c)(1):

10 (1) a list of the property tax account numbers
11 assigned to the property composing the project;

12 (2) the current total appraised value of the property
13 composing the project; and

14 (3) if applicable, a statement that the incentive
15 period was deferred because the applicant did not meet the minimum
16 investment requirement prescribed by the agreement before the date
17 specified in the agreement.

18 Sec. 403.618. SCHOOL DISTRICT REPORT. (a) A school
19 district that is a party to an agreement must submit a report to the
20 comptroller as prescribed by this section.

21 (b) A school district must submit the report not later than
22 June 1 of each even-numbered year:

23 (1) beginning in the first even-numbered year
24 following the year in which the governing body of the district
25 approves the application for the project that is the subject of the
26 agreement; and

27 (2) ending in the last even-numbered year before the

1 third anniversary of the expiration of the incentive period
2 prescribed by the agreement.

3 (c) The report must include:

4 (1) the total amount received from the applicant under
5 the agreement for each previous year;

6 (2) the total amount of any other direct or indirect
7 benefit received from the applicant for each previous year,
8 including an in-kind contribution; and

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

11 Sec. 403.619. BIENNIAL REPORT TO LEGISLATURE. (a) The
12 comptroller shall submit to the lieutenant governor, the speaker of
13 the house of representatives, and each other member of the
14 legislature a report on the agreements entered into under this
15 subchapter. The comptroller must submit the report not later than
16 December 1 of each even-numbered year.

17 (b) The report must include:

18 (1) an assessment of the following with regard to the
19 agreements entered into under this subchapter, considered in the
20 aggregate:

21 (A) the total number of jobs created in this
22 state;

23 (B) the total effect on personal income in this
24 state;

25 (C) the total amount of investment in this state;

26 (D) the total taxable value of property on the
27 tax rolls in this state resulting from the agreements, including

1 property subject to an agreement that has expired;
2 (E) the total value of property subject to
3 agreements that have not expired; and
4 (F) the total fiscal effect resulting from the
5 agreements on this state and on local governments in this state; and
6 (2) an assessment of each agreement entered into under
7 this subchapter that states for each agreement:
8 (A) the number of required jobs prescribed by the
9 agreement;
10 (B) the number of jobs actually created under the
11 agreement, including:
12 (i) each job described by Section
13 403.604(c)(1)(A);
14 (ii) each job described by Section
15 403.604(c)(1)(B);
16 (iii) each construction job credit
17 described by Section 403.604(d) counted by an applicant as a
18 required job; and
19 (iv) any additional jobs created or
20 maintained in connection with the project that is the subject of the
21 agreement, if reported by the applicant;
22 (C) the number of total jobs created under the
23 agreement, if the term of the agreement has expired;
24 (D) the amount of the investment specified by the
25 agreement;
26 (E) the amount of the actual investment made for
27 the applicable project before the expiration of the agreement;

1 (F) the difference between the amount of ad
2 valorem taxes that would have been imposed on the property
3 composing the applicable project in the absence of the agreement
4 and the amount of ad valorem taxes actually imposed on that property
5 during the term of the agreement;

6 (G) the total amount of state and local tax
7 revenue attributable to the applicable project during the term of
8 the agreement;

9 (H) the total amount received by the school
10 district from the applicant under the agreement for each previous
11 year;

12 (I) the total amount of any other direct or
13 indirect benefit received by the district from the applicant for
14 each previous year, including an in-kind contribution; and

15 (J) the purposes for which the payments and
16 benefits described by Paragraphs (H) and (I) were used by the
17 district.

18 (c) The comptroller may not include in the report
19 information that is confidential under law.

20 (d) The comptroller may use standard economic estimation
21 techniques, including economic multipliers, to prepare the portion
22 of the report described by Subsection (b)(1).

23 (e) The comptroller may require an applicant to submit
24 information required to complete the report on a form prescribed by
25 the comptroller.

26 Sec. 403.620. CONFLICT OF INTEREST. A person may not,
27 directly or indirectly, represent, advise, or provide a service to

1 both an applicant and a school district in connection with the same
2 application submitted or agreement entered into under this
3 subchapter.

4 Sec. 403.621. TREATMENT OF PAYMENTS TO SCHOOL DISTRICTS. A
5 payment by an applicant to a school district under this subchapter
6 other than a payment of ad valorem taxes imposed by the district may
7 not be treated as tax revenue collected by the district for any
8 purpose under Chapter 48 or 49, Education Code.

9 Sec. 403.622. CONFIDENTIALITY OF CERTAIN BUSINESS
10 INFORMATION. (a) Information provided to a school district or the
11 comptroller by an applicant under this subchapter that is a trade
12 secret, as defined by Section 134A.002, Civil Practice and Remedies
13 Code, is confidential and not subject to disclosure under Chapter
14 552.

15 (b) Payroll records reported under Section 403.617(c)(1)(A)
16 or (B) by an applicant to the comptroller are confidential and not
17 subject to disclosure under Chapter 552.

18 Sec. 403.623. INTERNET POSTING OF INFORMATION. (a)
19 Subject to Section 403.622, the comptroller shall post on the
20 comptroller's Internet website the following information received
21 by the comptroller:

22 (1) each application submitted under this subchapter;
23 (2) each map and economic benefit statement required
24 to be submitted with an application under this subchapter;

25 (3) each amendment to an application made under this
26 subchapter;

27 (4) each agreement entered into under this subchapter;

1 and

2 (5) each biennial compliance report submitted as
3 required under this subchapter.

4 (b) Except as provided by Subsection (c), the comptroller
5 shall post the information described by Subsection (a) as soon as
6 practicable after the date the comptroller receives the
7 information.

8 (c) The comptroller shall post the information described by
9 Subsections (a)(1), (2), and (3) not later than the 10th business
10 day after the date the comptroller receives the information.

11 (d) The comptroller shall continue to post the information
12 required by this section until the date the agreement to which the
13 information relates expires.

14 Sec. 403.624. RULES AND FORMS. (a) The comptroller shall
15 adopt rules necessary to implement and administer this subchapter,
16 including rules for:

17 (1) determining whether an applicant meets the jobs
18 and investment requirements prescribed by Section 403.604; and

19 (2) authorizing an applicant or school district to
20 submit any form or information required by this subchapter
21 electronically.

22 (b) The comptroller shall adopt forms necessary to
23 implement and administer this subchapter, including the forms to be
24 used by:

25 (1) an applicant under Section 403.606;

26 (2) an applicant under Section 403.617; and

27 (3) a school district under Section 403.618.

1 (c) The comptroller shall provide without charge one copy of
2 the rules and forms adopted under this section to any person who
3 states that the person intends to submit an application to a school
4 district under this subchapter to limit the taxable value of
5 eligible property used as part of an eligible project.

6 SECTION 2. Section 48.2551(a), Education Code, is amended
7 to read as follows:

8 (a) In this section:

9 (1) "DPV" is the taxable value of property in the
10 school district, as determined by the agency by rule, using locally
11 determined property values adjusted in accordance with Section
12 403.302(d), Government Code;

13 (2) "E" is the expiration of the exclusion of
14 appraised property value for the preceding tax year that is
15 recognized as taxable property value for the current tax year,
16 which is the sum of the following:

17 (A) property value that is no longer subject to a
18 limitation on appraised value under former Subchapter B or C,
19 Chapter 313, Tax Code, or a limitation on taxable value under
20 Subchapter T, Chapter 403, Government Code; and

21 (B) property value under Section 311.013(n), Tax
22 Code, that is no longer excluded from the calculation of "DPV" from
23 the preceding year because of refinancing or renewal after
24 September 1, 2019;

25 (3) "MCR" is the district's maximum compressed rate,
26 which is the tax rate for the current tax year per \$100 of valuation
27 of taxable property at which the district must levy a maintenance

1 and operations tax to receive the full amount of the tier one
2 allotment to which the district is entitled under this chapter;

3 (4) "PYDPV" is the district's value of "DPV" for the
4 preceding tax year; and

5 (5) "PYMCR" is the district's value of "MCR" for the
6 preceding tax year.

7 SECTION 3. Section 48.256, Education Code, is amended by
8 amending Subsections (d) and (e) and adding Subsection (d-1) to
9 read as follows:

10 (d) This subsection applies to a school district in which
11 the board of trustees entered into a written agreement with a
12 property owner [~~under Section 313.027, Tax Code,~~] for the
13 implementation of a limitation on taxable [~~appraised~~] value under
14 Subchapter T, Chapter 403, Government [~~B or C, Chapter 313, Tax~~]
15 Code. For purposes of determining "DPV" under Subsection (a) for a
16 school district to which this subsection applies, the commissioner
17 shall exclude a portion of the market value of property not
18 otherwise fully taxable by the district under Subchapter T, Chapter
19 403, Government [~~B or C, Chapter 313, Tax~~] Code[, ~~before the~~
20 ~~expiration of the subchapter~~]. The comptroller shall provide
21 information to the agency necessary for this subsection.

22 (d-1) Subsection (d) applies to an agreement for the
23 implementation of a limitation on appraised value under former
24 Subchapter B or C, Chapter 313, Tax Code, that was in effect on
25 January 1, 2023, in the same manner as that subsection applies to an
26 agreement described by that subsection. If the agreement for the
27 limitation on appraised value requires a [A] revenue protection

1 payment to the school district, the payment [~~required as part of an~~
2 ~~agreement for a limitation on appraised value~~] shall be based on the
3 district's taxable value of property for the preceding tax year.

4 (e) Subsection (d-1) [~~(d)~~] does not apply to property that
5 was the subject of an application under former Subchapter B or C,
6 Chapter 313, Tax Code, made after May 1, 2009, that the comptroller
7 recommended should be disapproved.

8 SECTION 4. Section 2303.507, Government Code, is amended to
9 read as follows:

10 Sec. 2303.507. TAX INCREMENT FINANCING AND
11 ABATEMENT; LIMITATIONS ON APPRAISED AND TAXABLE
12 VALUE. Designation of an area as an enterprise zone is also
13 designation of the area as a reinvestment zone for:

14 (1) tax increment financing under Chapter 311, Tax
15 Code;

16 (2) tax abatement under Chapter 312, Tax Code; [~~and~~]

17 (3) limitations on appraised value under former
18 Subchapter B or C, Chapter 313, Tax Code; and

19 (4) limitations on taxable value under Subchapter T,
20 Chapter 403, of this code.

21 SECTION 5. Section 23.03, Tax Code, is amended to read as
22 follows:

23 Sec. 23.03. COMPILATION OF LARGE PROPERTIES AND PROPERTIES
24 SUBJECT TO LIMITATION ON APPRAISED OR TAXABLE VALUE. Each year the
25 chief appraiser shall compile and send to the Texas [~~Department of~~
26 Economic Development and Tourism Office] a list of properties in the
27 appraisal district that in that tax year:

- 1 (1) have a market value of \$100 million or more; [~~or~~]
2 (2) are subject to a limitation on appraised value
3 under former Subchapter B or C, Chapter 313; or
4 (3) are subject to a limitation on taxable value under
5 Subchapter T, Chapter 403, Government Code.

6 SECTION 6. Section 26.012(6), Tax Code, is amended to read
7 as follows:

8 (6) "Current total value" means the total taxable
9 value of property listed on the appraisal roll for the current year,
10 including all appraisal roll supplements and corrections as of the
11 date of the calculation, less the taxable value of property
12 exempted for the current tax year for the first time under Section
13 11.31 or 11.315, except that:

14 (A) the current total value for a school district
15 excludes:

16 (i) the total value of homesteads that
17 qualify for a tax limitation as provided by Section 11.26; [~~and~~]

18 (ii) new property value of property that is
19 subject to an agreement entered into under former Subchapter B or C,
20 Chapter 313; and

21 (iii) new property value of property that
22 is subject to an agreement entered into under Subchapter T, Chapter
23 403, Government Code; and

24 (B) the current total value for a county,
25 municipality, or junior college district excludes the total value
26 of homesteads that qualify for a tax limitation provided by Section
27 11.261.

1 SECTION 7. Section 171.602(f), Tax Code, is amended to read
2 as follows:

3 (f) The comptroller may not issue a credit under this
4 section before the later of:

5 (1) ~~[September 1, 2018, or~~
6 ~~[(2)]~~ the expiration of an agreement under former
7 Subchapter B or C, Chapter 313, regarding the clean energy project
8 for which the credit is issued; or

9 (2) the expiration of an agreement under Subchapter T,
10 Chapter 403, Government Code, regarding the clean energy project
11 for which the credit is issued.

12 SECTION 8. Section 312.0025(a), Tax Code, is amended to
13 read as follows:

14 (a) Notwithstanding any other provision of this chapter to
15 the contrary, the governing body of a school district, in the manner
16 required for official action and for purposes of former Subchapter
17 B or C, Chapter 313, of this code or Subchapter T, Chapter 403,
18 Government Code, may designate an area entirely within the
19 territory of the school district as a reinvestment zone if the
20 governing body finds that, as a result of the designation and the
21 granting of a limitation on appraised value under former Subchapter
22 B or C, Chapter 313, of this code or the granting of a limitation on
23 taxable value under Subchapter T, Chapter 403, Government Code, for
24 property located in the reinvestment zone, the designation is
25 reasonably likely to:

26 (1) contribute to the expansion of primary employment
27 in the reinvestment zone; or

1 (2) attract major investment in the reinvestment zone
2 that would:

3 (A) be a benefit to property in the reinvestment
4 zone and to the school district; and

5 (B) contribute to the economic development of the
6 region of this state in which the school district is located.

7 SECTION 9. This Act takes effect September 1, 2023.