

By: Lozano

H.B. No. 2421

A BILL TO BE ENTITLED

AN ACT

relating to the reenactment of expired provisions of the Texas Economic Development Act.

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

SECTION 1. Section 313.007, Tax Code, is amended to read as follows:

Sec. 313.007. EXPIRATION. Subchapters B and C expire December 31, 2033 [~~2022~~].

SECTION 2. Chapter 313, Tax Code, is amended by adding Subchapters B and C to read as follows:

SUBCHAPTER B. LIMITATION ON APPRAISED VALUE OF CERTAIN PROPERTY
USED TO CREATE JOBS

Sec. 313.021. DEFINITIONS. In this subchapter:

(1) "County average weekly wage for manufacturing jobs" means:

(A) the average weekly wage in a county for manufacturing jobs during the most recent four quarterly periods for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission; or

(B) the average weekly wage for manufacturing jobs in the region designated for the regional planning commission, council of governments, or similar regional planning agency created under Chapter 391, Local Government Code, in which the county is

1 located during the most recent four quarterly periods for which
2 data is available at the time a person submits an application for a
3 limitation on appraised value under this subchapter, as computed by
4 the Texas Workforce Commission.

5 (2) "Qualified investment" means:

6 (A) tangible personal property that is first
7 placed in service in this state during the applicable qualifying
8 time period that begins on or after January 1, 2024, without regard
9 to whether the property is affixed to or incorporated into real
10 property, and that is described as Section 1245 property by Section
11 1245(a), Internal Revenue Code of 1986;

12 (B) tangible personal property that is first
13 placed in service in this state during the applicable qualifying
14 time period that begins on or after January 1, 2024, without regard
15 to whether the property is affixed to or incorporated into real
16 property, and that is used in connection with the manufacturing,
17 processing, or fabrication in a cleanroom environment of a
18 semiconductor product, without regard to whether the property is
19 actually located in the cleanroom environment, including:

20 (i) integrated systems, fixtures, and
21 pipings;

22 (ii) all property necessary or adapted to
23 reduce contamination or to control airflow, temperature, humidity,
24 chemical purity, or other environmental conditions or
25 manufacturing tolerances; and

26 (iii) production equipment and machinery,
27 moveable cleanroom partitions, and cleanroom lighting;

1 (C) tangible personal property that is first
2 placed in service in this state during the applicable qualifying
3 time period that begins on or after January 1, 2024, without regard
4 to whether the property is affixed to or incorporated into real
5 property, and that is used in connection with the operation of a
6 nuclear electric power generation facility, including:

7 (i) property, including pressure vessels,
8 pumps, turbines, generators, and condensers, used to produce
9 nuclear electric power; and

10 (ii) property and systems necessary to
11 control radioactive contamination;

12 (D) tangible personal property that is first
13 placed in service in this state during the applicable qualifying
14 time period that begins on or after January 1, 2024, without regard
15 to whether the property is affixed to or incorporated into real
16 property, and that is used in connection with operating an
17 integrated gasification combined cycle electric generation
18 facility, including:

19 (i) property used to produce electric power
20 by means of a combined combustion turbine and steam turbine
21 application using synthetic gas or another product produced by the
22 gasification of coal or another carbon-based feedstock; or

23 (ii) property used in handling materials to
24 be used as feedstock for gasification or used in the gasification
25 process to produce synthetic gas or another carbon-based feedstock
26 for use in the production of electric power in the manner described
27 by Subparagraph (i);

1 (E) tangible personal property that is first
2 placed in service in this state during the applicable qualifying
3 time period that begins on or after January 1, 2024, without regard
4 to whether the property is affixed to or incorporated into real
5 property, and that is used in connection with operating an advanced
6 clean energy project, as defined by Section 382.003, Health and
7 Safety Code; or

8 (F) a building or a permanent, nonremovable
9 component of a building that is built or constructed during the
10 applicable qualifying time period that begins on or after January
11 1, 2024, and that houses tangible personal property described by
12 Paragraph (A), (B), (C), (D), or (E).

13 (3) "Qualified property" means:

14 (A) land:

15 (i) that is located in an area designated as
16 a reinvestment zone under Chapter 311 or 312 or as an enterprise
17 zone under Chapter 2303, Government Code;

18 (ii) on which a person proposes to
19 construct a new building or erect or affix a new improvement that
20 does not exist before the date the person submits a complete
21 application for a limitation on appraised value under this
22 subchapter;

23 (iii) that is not subject to a tax abatement
24 agreement entered into by a school district under Chapter 312; and

25 (iv) on which, in connection with the new
26 building or new improvement described by Subparagraph (ii), the
27 owner or lessee of, or the holder of another possessory interest in,

1 the land proposes to:

2 (a) make a qualified investment in an
3 amount equal to at least the minimum amount required by Section
4 313.023; and

5 (b) create at least 25 new qualifying
6 jobs;

7 (B) the new building or other new improvement
8 described by Paragraph (A)(ii); and

9 (C) tangible personal property:

10 (i) that is not subject to a tax abatement
11 agreement entered into by a school district under Chapter 312;

12 (ii) for which a sales and use tax refund is
13 not claimed under Section 151.3186; and

14 (iii) except for new equipment described in
15 Section 151.318(q) or (q-1), that is first placed in service in the
16 new building, in the newly expanded building, or in or on the new
17 improvement described by Paragraph (A)(ii), or on the land on which
18 that new building or new improvement is located, if the personal
19 property is ancillary and necessary to the business conducted in
20 that new building or in or on that new improvement.

21 (4) "Qualifying job" means a permanent full-time job
22 that:

23 (A) requires at least 1,600 hours of work a year;

24 (B) is not transferred from one area in this
25 state to another area in this state;

26 (C) is not created to replace a previous
27 employee;

1 (D) is covered by a group health benefit plan for
2 which the business offers to pay at least 80 percent of the premiums
3 or other charges assessed for employee-only coverage under the
4 plan, regardless of whether an employee may voluntarily waive the
5 coverage; and

6 (E) pays at least 110 percent of the county
7 average weekly wage for manufacturing jobs in the county where the
8 job is located.

9 (5) "Qualifying time period" means:

10 (A) the period that begins on the date that a
11 person's application for a limitation on appraised value under this
12 subchapter is approved by the governing body of the school district
13 and ends on December 31 of the second tax year that begins after
14 that date, except as provided by Paragraph (B) or (C) of this
15 subdivision or Section 313.028(i);

16 (B) in connection with a nuclear electric power
17 generation facility, the first seven tax years that begin on or
18 after the third anniversary of the date the school district
19 approves the property owner's application for a limitation on
20 appraised value under this subchapter, unless a shorter time period
21 is agreed to by the governing body of the school district and the
22 property owner; or

23 (C) in connection with an advanced clean energy
24 project, as defined by Section 382.003, Health and Safety Code, the
25 first five tax years that begin on or after the third anniversary of
26 the date the school district approves the property owner's
27 application for a limitation on appraised value under this

1 subchapter, unless a shorter time period is agreed to by the
2 governing body of the school district and the property owner.

3 Sec. 313.022. APPLICABILITY; CATEGORIZATION OF SCHOOL
4 DISTRICTS. (a) This subchapter applies to each school district in
5 this state other than a school district to which Subchapter C
6 applies.

7 (b) For purposes of determining the required minimum amount
8 of a qualified investment under Section 313.021(3)(A)(iv)(a), and
9 the minimum amount of a limitation on appraised value under Section
10 313.028(c), school districts to which this subchapter applies are
11 categorized according to the taxable value of property in the
12 district for the preceding tax year determined under Subchapter M,
13 Chapter 403, Government Code, as follows:

14 (1) Category I consists of school districts having a
15 taxable property value of at least \$10 billion;

16 (2) Category II consists of school districts having a
17 taxable property value of at least \$1 billion but less than \$10
18 billion;

19 (3) Category III consists of school districts having a
20 taxable property value of at least \$500 million but less than \$1
21 billion;

22 (4) Category IV consists of school districts having a
23 taxable property value of at least \$100 million but less than \$500
24 million; and

25 (5) Category V consists of school districts having a
26 taxable property value of less than \$100 million.

27 Sec. 313.023. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. For

1 each category of school district established by Section 313.022,
2 the minimum amount of a qualified investment under Section
3 313.021(3)(A)(iv)(a) is as follows:

4 (1) \$100 million for a Category I school district;

5 (2) \$80 million for a Category II school district;

6 (3) \$60 million for a Category III school district;

7 (4) \$40 million for a Category IV school district; and

8 (5) \$20 million for a Category V school district.

9 Sec. 313.024. ELIGIBLE PROPERTY. (a) In this section:

10 (1) "Computer center" means an establishment
11 primarily engaged in providing electronic data processing and
12 information storage.

13 (2) "Integrated gasification combined cycle
14 technology" means technology used to produce electricity in a
15 combined combustion turbine and steam turbine application using
16 synthetic gas or another product produced from the gasification of
17 coal or another carbon-based feedstock, including related
18 activities such as materials-handling and gasification of coal or
19 another carbon-based feedstock.

20 (3) "Manufacturing" means an establishment primarily
21 engaged in activities described in sectors 31-33 of the 2007 North
22 American Industry Classification System.

23 (4) "Military aviation facility" has the meaning
24 assigned by Section 312.0021.

25 (5) "Nuclear electric power generation" means
26 activities described in category 221113 of the 2002 North American
27 Industry Classification System.

1 (6) "Renewable energy electric generation" means an
2 establishment primarily engaged in activities described in
3 category 221119 of the 1997 North American Industry Classification
4 System.

5 (7) "Research and development" means an establishment
6 primarily engaged in activities described in category 541710 of the
7 2002 North American Industry Classification System.

8 (8) "Texas priority project" means a project on which
9 the applicant has committed to expend or allocate a qualified
10 investment of more than \$1 billion.

11 (9) "Wind-powered energy device" has the meaning
12 assigned by Section 11.27.

13 (b) This subchapter and Subchapter C apply only to property
14 owned by an entity subject to the tax imposed by Chapter 171.

15 (c) To be eligible for a limitation on appraised value under
16 this subchapter, the entity must use the property for:

17 (1) manufacturing;

18 (2) research and development;

19 (3) a clean coal project, as defined by Section 5.001,
20 Water Code;

21 (4) an advanced clean energy project, as defined by
22 Section 382.003, Health and Safety Code;

23 (5) renewable energy electric generation;

24 (6) electric power generation using integrated
25 gasification combined cycle technology;

26 (7) nuclear electric power generation;

27 (8) a computer center primarily used in connection

1 with one or more activities described by Subdivisions (1) through
2 (7) conducted by the entity; or

3 (9) a Texas priority project.

4 (d) Notwithstanding any other provision of this subchapter,
5 an owner of a parcel of land that is located wholly or partly in a
6 reinvestment zone, a new building constructed on the parcel of
7 land, a new improvement erected or affixed on the parcel of land, or
8 tangible personal property placed in service in the building or
9 improvement or on the parcel of land may not receive a limitation on
10 appraised value under this subchapter for the parcel of land,
11 building, improvement, or tangible personal property under an
12 agreement under this subchapter that is entered into on or after
13 September 1, 2023, if, on or after that date, a wind-powered energy
14 device is installed or constructed on the same parcel of land at a
15 location that is within 25 nautical miles of the boundaries of a
16 military aviation facility located in this state. The prohibition
17 provided by this subsection applies regardless of whether the
18 wind-powered energy device is installed or constructed at a
19 location that is in the reinvestment zone.

20 (e) For purposes of determining an applicant's eligibility
21 for a limitation under this subchapter:

22 (1) the land on which a building or component of a
23 building described by Section 313.021(2)(F) is located is not
24 considered a qualified investment;

25 (2) property that is leased under a capitalized lease
26 may be considered a qualified investment;

27 (3) property that is leased under an operating lease

1 may not be considered a qualified investment; and

2 (4) property that is owned by a person other than the
3 applicant and that is pooled or proposed to be pooled with property
4 owned by the applicant may not be included in determining the amount
5 of the applicant's qualifying investment.

6 (f) To be eligible for a limitation on appraised value under
7 this subchapter, the property owner must create the required number
8 of new qualifying jobs and the average weekly wage for all jobs
9 created by the owner that are not qualifying jobs must exceed the
10 county average weekly wage for all jobs in the county where the jobs
11 are located.

12 (g) For purposes of determining whether a property owner has
13 created the number of qualifying jobs required for eligibility for
14 a limitation on appraised value under this subchapter, operations,
15 services, and other related jobs created in connection with the
16 project, including jobs of persons employed by third parties under
17 a contract with the property owner, shall be considered to be
18 qualifying jobs if the Texas Workforce Commission determines that
19 the cumulative economic benefit to this state of those jobs is equal
20 to or greater than the cumulative economic benefit that would
21 accrue to this state if the property owner were to create the
22 minimum number of qualifying jobs required by this subchapter. The
23 Texas Workforce Commission may adopt rules to implement this
24 subsection.

25 (h) For purposes of determining whether a property owner has
26 created the number of new qualifying jobs required for eligibility
27 for a limitation on appraised value under this subchapter, the new

1 qualifying jobs created under an agreement between the property
2 owner and another school district may be included in the total
3 number of new qualifying jobs created in connection with the
4 project if the Texas Economic Development and Tourism Office
5 determines that the projects covered by the agreements constitute a
6 single unified project. The Texas Economic Development and Tourism
7 Office may adopt rules to implement this subsection.

8 Sec. 313.025. APPLICATION; ACTION ON APPLICATION. (a) The
9 owner or lessee of, or the holder of another possessory interest in,
10 any qualified property may apply to the governing body of the school
11 district in which the property is located for a limitation on the
12 appraised value for school district maintenance and operations ad
13 valorem tax purposes of the person's qualified property. An
14 application must be made on the form prescribed by the comptroller
15 and include the information required by the comptroller, and it
16 must be accompanied by:

17 (1) the application fee established by the governing
18 body of the school district;

19 (2) information sufficient to show that the real and
20 personal property identified in the application as qualified
21 property meets the applicable criteria established by Section
22 313.021(3); and

23 (3) any information required by the comptroller for
24 the purposes of Section 313.026.

25 (b) Within seven days of the receipt of each document, the
26 school district shall submit to the comptroller a copy of the
27 application and the proposed agreement between the applicant and

1 the school district. If the applicant submits an economic analysis
2 of the proposed project to the school district, the district shall
3 submit a copy of the analysis to the comptroller. In addition, the
4 school district shall submit to the comptroller any subsequent
5 revision of or amendment to any of those documents within seven days
6 of its receipt. The comptroller shall publish each document
7 received from the school district under this subsection on the
8 comptroller's Internet website. If the school district maintains a
9 generally accessible Internet website, the district shall provide
10 on its website a link to the location of those documents posted on
11 the comptroller's website in compliance with this subsection. This
12 subsection does not require the comptroller to post information
13 that is confidential under Section [313.031](#).

14 (c) The governing body of a school district is not required
15 to consider an application for a limitation on appraised value. If
16 the governing body of the school district elects to consider an
17 application, the governing body shall deliver a copy of the
18 application to the comptroller and request that the comptroller
19 conduct an economic impact evaluation of the investment proposed by
20 the application. The comptroller shall conduct or contract with a
21 third person to conduct the economic impact evaluation, which shall
22 be completed and provided to the governing body of the school
23 district, along with the comptroller's certificate or written
24 explanation under Subsection (f), as soon as practicable but not
25 later than the 90th day after the date the comptroller receives the
26 application. The governing body shall provide to the comptroller
27 or to a third person contracted by the comptroller to conduct the

1 economic impact evaluation any requested information. A
2 methodology to allow comparisons of economic impact for different
3 schedules of the addition of qualified investment or qualified
4 property may be developed as part of the economic impact
5 evaluation. The governing body shall provide a copy of the economic
6 impact evaluation to the applicant on request. The comptroller may
7 charge the applicant a fee sufficient to cover the costs of
8 providing the economic impact evaluation. The governing body of a
9 school district shall approve or disapprove an application not
10 later than the 150th day after the date the application is filed,
11 unless the economic impact evaluation has not been received or an
12 extension is agreed to by the governing body and the applicant.

13 (d) The comptroller shall promptly deliver a copy of the
14 application to the Texas Education Agency. The Texas Education
15 Agency shall determine the effect that the applicant's proposal
16 will have on the number or size of the school district's
17 instructional facilities and submit a written report containing the
18 agency's determination to the school district. The governing body
19 of the school district shall provide any requested information to
20 the Texas Education Agency. Not later than the 45th day after the
21 date the Texas Education Agency receives the application, the Texas
22 Education Agency shall make the required determination and submit
23 the agency's written report to the governing body of the school
24 district.

25 (e) In determining whether to approve an application, the
26 governing body of the school district is entitled to request and
27 receive assistance from:

- 1 (1) the comptroller;
- 2 (2) the Texas Economic Development and Tourism Office;
- 3 (3) the Texas Workforce Investment Council; and
- 4 (4) the Texas Workforce Commission.

5 (f) Not later than the 90th day after the date the
6 comptroller receives the copy of the application, the comptroller
7 shall issue a certificate for a limitation on appraised value of the
8 property and provide the certificate to the governing body of the
9 school district or provide the governing body a written explanation
10 of the comptroller's decision not to issue a certificate.

11 (g) The governing body of a school district may not approve
12 an application unless the comptroller submits to the governing body
13 a certificate for a limitation on appraised value of the property.

14 (h) Before approving or disapproving an application under
15 this subchapter that the governing body of the school district
16 elects to consider, the governing body must make a written finding
17 as to any criteria considered by the comptroller in conducting the
18 economic impact evaluation under Section 313.026. The governing
19 body shall deliver a copy of those findings to the applicant.

20 (i) The governing body of a school district may approve an
21 application only if the governing body finds that the information
22 in the application is true and correct, finds that the applicant is
23 eligible for the limitation on the appraised value of the person's
24 qualified property, and determines that granting the application is
25 in the best interest of the school district and this state.

26 (j) Notwithstanding any other provision of this chapter to
27 the contrary, including Section 313.003(2) or 313.004(3)(A) or

1 (B)(iii), the governing body of a school district may waive the new
2 jobs creation requirement in Section 313.021(3)(A)(iv)(b) or
3 313.051(e) and approve an application if the governing body makes a
4 finding that the jobs creation requirement exceeds the industry
5 standard for the number of employees reasonably necessary for the
6 operation of the facility of the property owner that is described in
7 the application.

8 (k) The Texas Economic Development and Tourism Office or its
9 successor may recommend that a school district approve an
10 application under this chapter. In determining whether to approve
11 an application, the governing body of the school district shall
12 consider any recommendation made by the Texas Economic Development
13 and Tourism Office or its successor.

14 (l) After receiving a copy of the application, the
15 comptroller shall determine whether the property meets the
16 requirements of Section 313.024 for eligibility for a limitation on
17 appraised value under this subchapter. The comptroller shall
18 notify the governing body of the school district of the
19 comptroller's determination and provide the applicant an
20 opportunity for a hearing before the determination becomes final.
21 A hearing under this subsection is a contested case hearing and
22 shall be conducted by the State Office of Administrative Hearings
23 in the manner provided by Section 2003.101, Government Code. The
24 applicant has the burden of proof on each issue in the hearing. The
25 applicant may seek judicial review of the comptroller's
26 determination in a Travis County district court under the
27 substantial evidence rule as provided by Subchapter G, Chapter

1 2001, Government Code.

2 (m) If the comptroller's determination under Subsection (l)
3 that the property does not meet the requirements of Section 313.024
4 for eligibility for a limitation on appraised value under this
5 subchapter becomes final, the comptroller is not required to
6 provide an economic impact evaluation of the application or to
7 submit a certificate for a limitation on appraised value of the
8 property or a written explanation of the decision not to issue a
9 certificate, and the governing body of the school district may not
10 grant the application.

11 Sec. 313.026. ECONOMIC IMPACT EVALUATION. (a) The
12 economic impact evaluation of the application must include any
13 information the comptroller determines is necessary or helpful to:

14 (1) the governing body of the school district in
15 determining whether to approve the application under Section
16 313.025; or

17 (2) the comptroller in determining whether to issue a
18 certificate for a limitation on appraised value of the property
19 under Section 313.025.

20 (b) Except as provided by Subsections (c) and (d), the
21 comptroller's determination whether to issue a certificate for a
22 limitation on appraised value under this chapter for property
23 described in the application shall be based on the economic impact
24 evaluation described by Subsection (a) and on any other information
25 available to the comptroller, including information provided by the
26 governing body of the school district.

27 (c) The comptroller may not issue a certificate for a

1 limitation on appraised value under this chapter for property
2 described in an application unless the comptroller determines that:

3 (1) the project proposed by the applicant is
4 reasonably likely to generate, before the 25th anniversary of the
5 beginning of the limitation period, tax revenue, including state
6 tax revenue, school district maintenance and operations ad valorem
7 tax revenue attributable to the project, and any other tax revenue
8 attributable to the effect of the project on the economy of the
9 state, in an amount sufficient to offset the school district
10 maintenance and operations ad valorem tax revenue lost as a result
11 of the agreement; and

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

15 (d) The comptroller shall state in writing the basis for the
16 determinations made under Subsections (c)(1) and (2).

17 (e) The applicant may submit information to the comptroller
18 that would provide a basis for an affirmative determination under
19 Subsection (c)(2).

20 (f) Notwithstanding Subsections (c) and (d), if the
21 comptroller makes a qualitative determination that other
22 considerations associated with the project result in a net positive
23 benefit to the state, the comptroller may issue the certificate.

24 Sec. 313.027. DISCLOSURE OF APPRAISED VALUE LIMITATION
25 INFORMATION. (a) The comptroller shall post on the comptroller's
26 Internet website each document or item of information the
27 comptroller designates as substantive before the 15th day after the

1 date the document or item of information was received or created.
2 Each document or item of information must continue to be posted
3 until the appraised value limitation expires.

4 (b) The comptroller shall designate the following as
5 substantive:

6 (1) each application requesting a limitation on
7 appraised value; and

8 (2) the economic impact evaluation made in connection
9 with the application.

10 (c) If a school district maintains a generally accessible
11 Internet website, the district shall maintain a link on its
12 Internet website to the area of the comptroller's Internet website
13 where information on each of the district's agreements to limit
14 appraised value is maintained.

15 Sec. 313.028. LIMITATION ON APPRAISED VALUE; AGREEMENT.

16 (a) If the person's application is approved by the governing body
17 of the school district, the appraised value for school district
18 maintenance and operations ad valorem tax purposes of the person's
19 qualified property as described in the agreement between the person
20 and the school district entered into under this section in the
21 school district may not exceed the lesser of:

22 (1) the market value of the property; or

23 (2) subject to Subsection (c), the amount agreed to by
24 the governing body of the school district.

25 (b) The agreement must:

26 (1) provide that the limitation under Subsection (a)
27 applies for a period of 10 years; and

1 (2) specify the beginning date of the limitation,
2 which must be January 1 of the first tax year that begins after:

3 (A) the application date;

4 (B) the qualifying time period; or

5 (C) the date commercial operations begin at the
6 site of the project.

7 (c) The amount agreed to by the governing body of a school
8 district under Subsection (a)(2) must be an amount in accordance
9 with the following, according to the category established by
10 Section 313.022 to which the school district belongs:

11 (1) \$100 million for a Category I school district;

12 (2) \$80 million for a Category II school district;

13 (3) \$60 million for a Category III school district;

14 (4) \$40 million for a Category IV school district; and

15 (5) \$20 million for a Category V school district.

16 (d) The limitation amounts listed in Subsection (c) are
17 minimum amounts. A school district, regardless of category, may
18 agree to a greater amount than those amounts.

19 (e) The governing body of the school district and the
20 property owner shall enter into a written agreement for the
21 implementation of the limitation on appraised value under this
22 subchapter on the owner's qualified property.

23 (f) The agreement must describe with specificity the
24 qualified investment that the person will make on or in connection
25 with the person's qualified property that is subject to the
26 limitation on appraised value under this subchapter. Other
27 property of the person that is not specifically described in the

1 agreement is not subject to the limitation unless the governing
2 body of the school district, by official action, provides that the
3 other property is subject to the limitation.

4 (g) In addition, the agreement:

5 (1) must incorporate each relevant provision of this
6 subchapter and, to the extent necessary, include provisions for the
7 protection of future school district revenues through the
8 adjustment of the minimum valuations, the payment of revenue
9 offsets, and other mechanisms agreed to by the property owner and
10 the school district;

11 (2) may provide that the property owner will protect
12 the school district in the event the district incurs extraordinary
13 education-related expenses related to the project that are not
14 directly funded in state aid formulas, including expenses for the
15 purchase of portable classrooms and the hiring of additional
16 personnel to accommodate a temporary increase in student enrollment
17 attributable to the project;

18 (3) must require the property owner to maintain a
19 viable presence in the school district for at least five years after
20 the date the limitation on appraised value of the owner's property
21 expires;

22 (4) must provide for the termination of the agreement,
23 the recapture of ad valorem tax revenue lost as a result of the
24 agreement if the owner of the property fails to comply with the
25 terms of the agreement, and payment of a penalty or interest, or
26 both, on that recaptured ad valorem tax revenue;

27 (5) may specify any conditions the occurrence of which

1 will require the school district and the property owner to
2 renegotiate all or any part of the agreement;

3 (6) must specify the ad valorem tax years covered by
4 the agreement; and

5 (7) must be in a form approved by the comptroller.

6 (h) When appraising a person's qualified property subject
7 to a limitation on appraised value under this section, the chief
8 appraiser shall determine the market value of the property and
9 include both the market value and the appropriate value under
10 Subsection (a) in the appraisal records.

11 (i) The agreement between the governing body of the school
12 district and the applicant may provide for a deferral of the date on
13 which the qualifying time period for the project is to commence or,
14 subsequent to the date the agreement is entered into, be amended to
15 provide for such a deferral. The agreement may not provide for the
16 deferral of the date on which the qualifying time period is to
17 commence to a date later than January 1 of the fourth tax year that
18 begins after the date the application is approved except that if the
19 agreement is one of a series of agreements related to the same
20 project, the agreement may provide for the deferral of the date on
21 which the qualifying time period is to commence to a date not later
22 than January 1 of the sixth tax year that begins after the date the
23 application is approved. This subsection may not be construed to
24 permit a qualifying time period that has commenced to continue for
25 more than the number of years applicable to the project under
26 Section 313.021(5).

27 (j) A person and the school district may not enter into an

1 agreement under which the person agrees to provide supplemental
2 payments to a school district or any other entity on behalf of a
3 school district in an amount that exceeds an amount equal to the
4 greater of \$100 per student per year in average daily attendance, as
5 defined by Section 48.005, Education Code, or \$50,000 per year, or
6 for a period that exceeds the period beginning with the period
7 described by Section 313.021(5) and ending December 31 of the third
8 tax year after the date the person's eligibility for a limitation
9 under this chapter expires. This limit does not apply to amounts
10 described by Subsection (g)(1) or (2).

11 (k) An agreement under this chapter must disclose any
12 consideration promised in conjunction with the application and the
13 limitation.

14 Sec. 313.029. RECAPTURE OF AD VALOREM TAX REVENUE LOST. (a)
15 Notwithstanding any other provision of this chapter to the
16 contrary, a person with whom a school district enters into an
17 agreement under this subchapter must make the minimum amount of
18 qualified investment during the qualifying time period.

19 (b) If in any tax year a property owner fails to comply with
20 Subsection (a), the property owner is liable to this state for a
21 penalty equal to the amount computed by subtracting from the market
22 value of the property for that tax year the value of the property as
23 limited by the agreement and multiplying the difference by the
24 maintenance and operations tax rate of the school district for that
25 tax year.

26 (c) A penalty imposed under Subsection (b) becomes
27 delinquent if not paid on or before February 1 of the following tax

1 year. Section 33.01 applies to the delinquent penalty in the
2 manner that section applies to delinquent taxes.

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

7 Sec. 313.030. PENALTY FOR FAILURE TO COMPLY WITH
8 JOB-CREATION REQUIREMENTS. (a) The comptroller shall conduct an
9 annual review and issue a determination as to whether a person with
10 whom a school district has entered into an agreement under this
11 chapter satisfied in the preceding year the requirements of this
12 chapter regarding the creation of the required number of qualifying
13 jobs. If the comptroller makes an adverse determination in the
14 review, the comptroller shall notify the person of the cause of the
15 adverse determination and the corrective measures necessary to
16 remedy the determination.

17 (b) If a person who receives an adverse determination fails
18 to remedy the determination following notification of the
19 determination and the comptroller makes an adverse determination
20 with respect to the person's compliance in the following year, the
21 person must submit to the comptroller a plan for remedying the
22 determination and certify the person's intent to fully implement
23 the plan not later than December 31 of the year in which the
24 determination is made.

25 (c) If a person who receives an adverse determination under
26 Subsection (b) fails to comply with that subsection following
27 notification of the determination and receives an adverse

1 determination in the following year, the comptroller shall impose a
2 penalty on the person. The penalty is in an amount equal to the
3 amount computed by:

4 (1) subtracting from the number of qualifying jobs
5 required to be created the number of qualifying jobs actually
6 created; and

7 (2) multiplying the amount computed under Subdivision
8 (1) by the average annual wage for all jobs in the county during the
9 most recent four quarters for which data is available.

10 (d) Notwithstanding Subsection (c), if a person receives an
11 adverse determination and the comptroller has previously imposed a
12 penalty on the person under this section one or more times, the
13 comptroller shall impose a penalty on the person in an amount equal
14 to the amount computed by multiplying the amount computed under
15 Subsection (c)(1) by an amount equal to twice the amount computed
16 under Subsection (c)(2).

17 (e) Notwithstanding Subsections (c) and (d), a penalty
18 imposed under this section may not exceed an amount equal to the
19 difference between the amount of the ad valorem tax benefit
20 received by the person under the agreement in the preceding year and
21 the amount of any supplemental payments made to the school district
22 in that year.

23 (f) A job created by a person that is not a qualifying job
24 because the job does not meet a numerical requirement of Section
25 313.021(4)(A), (D), or (E) is considered for purposes of this
26 section to be a nonqualifying job only if the job fails to meet the
27 numerical requirement by at least 10 percent.

1 (g) An adverse determination under this section is a
2 deficiency determination under Section 111.008. A penalty imposed
3 under this section is an amount the comptroller is required to
4 collect, receive, administer, or enforce, and the determination is
5 subject to the payment and redetermination requirements of Sections
6 111.0081 and 111.009.

7 (h) A redetermination under Section 111.009 of an adverse
8 determination under this section is a contested case as defined by
9 Section 2001.003, Government Code.

10 (i) If a person on whom a penalty is imposed under this
11 section contends that the amount of the penalty is unlawful or that
12 the comptroller may not legally demand or collect the penalty, the
13 person may challenge the determination of the comptroller under
14 Subchapters A and B, Chapter 112.

15 (j) If the comptroller imposes a penalty on a person under
16 this section three times, the comptroller may rescind the agreement
17 between the person and the school district under this chapter.

18 (k) A person may contest a determination by the comptroller
19 to rescind an agreement between the person and a school district
20 under this chapter pursuant to Subsection (j) by filing suit
21 against the comptroller and the attorney general. The district
22 courts of Travis County have exclusive, original jurisdiction of a
23 suit brought under this subsection. This subsection prevails over
24 a provision of Chapter 25, Government Code, to the extent of any
25 conflict.

26 (l) If a person files suit under Subsection (k) and the
27 comptroller's determination to rescind the agreement is upheld on

1 appeal, the person shall pay to the comptroller any tax that would
2 have been due and payable to the school district during the pendency
3 of the appeal, including statutory interest and penalties imposed
4 on delinquent taxes under Sections 111.060 and 111.061.

5 (m) The comptroller shall deposit a penalty collected under
6 this section, including any interest and penalty applicable to the
7 penalty, to the credit of the foundation school fund.

8 Sec. 313.031. CERTAIN BUSINESS INFORMATION CONFIDENTIAL.
9 Information provided to a school district in connection with an
10 application for a limitation on appraised value under this
11 subchapter that describes the specific processes or business
12 activities to be conducted or the specific tangible personal
13 property to be located on real property covered by the application
14 shall be segregated in the application from other information in
15 the application and is confidential and not subject to public
16 disclosure unless the governing body of the school district
17 approves the application. Other information in the custody of a
18 school district or the comptroller in connection with the
19 application, including information related to the economic impact
20 of a project or the essential elements of eligibility under this
21 chapter, such as the nature and amount of the projected investment,
22 employment, wages, and benefits, may not be considered confidential
23 business information if the governing body of the school district
24 agrees to consider the application. Information in the custody of a
25 school district or the comptroller if the governing body approves
26 the application is not confidential under this section.

27 Sec. 313.032. PROPERTY NOT ELIGIBLE FOR TAX ABATEMENT.

1 Property subject to a limitation on appraised value in a tax year
2 under this subchapter is not eligible for tax abatement by a school
3 district under Chapter 312 in that tax year.

4 Sec. 313.033. RULES AND FORMS; FEES. (a) The comptroller
5 shall:

6 (1) adopt rules and forms necessary for the
7 implementation and administration of this chapter, including rules
8 for determining whether a property owner's property qualifies as a
9 qualified investment under Section 313.021(2); and

10 (2) provide without charge one copy of the rules and
11 forms to any school district and to any person who states that the
12 person intends to apply for a limitation on appraised value under
13 this subchapter.

14 (b) The governing body of a school district by official
15 action shall establish reasonable nonrefundable application fees
16 to be paid by property owners who apply to the district for a
17 limitation on the appraised value of the person's property under
18 this subchapter. The amount of an application fee must be
19 reasonable and may not exceed the estimated cost to the district of
20 processing and acting on an application, including any cost to the
21 school district associated with the economic impact evaluation
22 required by Section 313.025.

23 Sec. 313.034. REPORT ON COMPLIANCE WITH AGREEMENTS. (a)
24 Before the beginning of each regular session of the legislature,
25 the comptroller shall submit to the lieutenant governor, the
26 speaker of the house of representatives, and each other member of
27 the legislature a report on the agreements entered into under this

1 chapter that includes:

2 (1) an assessment of the following with regard to the
3 agreements entered into under this chapter, considered in the
4 aggregate:

5 (A) the total number of jobs created, direct and
6 otherwise, in this state;

7 (B) the total effect on personal income, direct
8 and otherwise, in this state;

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

10 (D) the total taxable value of property on the
11 tax rolls in this state, including property for which the
12 limitation period has expired;

13 (E) the total value of property not on the tax
14 rolls in this state as a result of agreements entered into under
15 this chapter; and

16 (F) the total fiscal effect on the state and
17 local governments; and

18 (2) an assessment of the progress of each agreement
19 made under this chapter that states for each agreement:

20 (A) the number of qualifying jobs each recipient
21 of a limitation on appraised value committed to create;

22 (B) the number of qualifying jobs each recipient
23 created;

24 (C) the total amount of wages and the median wage
25 of the new qualifying jobs each recipient created;

26 (D) the amount of the qualified investment each
27 recipient committed to spend or allocate for each project;

1 (E) the amount of the qualified investment each
2 recipient spent or allocated for each project;

3 (F) the market value of the qualified property of
4 each recipient as determined by the applicable chief appraiser,
5 including property that is no longer eligible for a limitation on
6 appraised value under the agreement;

7 (G) the limitation on appraised value for the
8 qualified property of each recipient;

9 (H) the dollar amount of the taxes that would
10 have been imposed on the qualified property if the property had not
11 received a limitation on appraised value; and

12 (I) the dollar amount of the taxes imposed on the
13 qualified property.

14 (b) The report may not include information that is
15 confidential by law.

16 (c) In preparing the portion of the report described by
17 Subsection (a)(1), the comptroller may use standard economic
18 estimation techniques, including economic multipliers.

19 (d) The portion of the report described by Subsection (a)(2)
20 must be based on data certified to the comptroller by each recipient
21 or former recipient of a limitation on appraised value under this
22 chapter.

23 (e) The comptroller may require a recipient or former
24 recipient of a limitation on appraised value under this chapter to
25 submit, on a form the comptroller provides, information required to
26 complete the report.

27 Sec. 313.035. REPORT ON COMPLIANCE WITH JOB-CREATION

1 REQUIREMENTS. Each recipient of a limitation on appraised value
2 under this chapter shall submit to the comptroller an annual report
3 on a form provided by the comptroller that provides information
4 sufficient to document the number of qualifying jobs created.

5 SUBCHAPTER C. LIMITATION ON APPRAISED VALUE OF PROPERTY IN
6 STRATEGIC INVESTMENT AREA OR CERTAIN RURAL SCHOOL DISTRICTS

7 Sec. 313.051. APPLICABILITY. (a) In this section,
8 "strategic investment area" means an area the comptroller
9 determines under Subsection (d) is:

10 (1) a county within this state with unemployment above
11 the state average and per capita income below the state average;

12 (2) an area within this state that is a federally
13 designated urban enterprise community or an urban enhanced
14 enterprise community; or

15 (3) a defense economic readjustment zone designated
16 under Chapter 2310, Government Code.

17 (b) This subchapter applies only to a school district that
18 has territory in:

19 (1) an area that qualifies as a strategic investment
20 area; or

21 (2) a county:
22 (A) that has a population of less than 50,000;
23 and

24 (B) in which, from 2010 to 2020, according to the
25 federal decennial census, the population:

26 (i) remained the same;

27 (ii) decreased; or

1 (iii) increased, but at a rate of not more
2 than the average rate of increase in the state during that period.

3 (c) Notwithstanding Subsection (b), if on January 1, 2024,
4 this subchapter applied to a school district in whose territory is
5 located a federal nuclear facility, this subchapter continues to
6 apply to the school district regardless of whether the school
7 district ceased or ceases to be described by Subsection (b) after
8 that date.

9 (d) Not later than September 1 of each year, the comptroller
10 shall determine areas that qualify as a strategic investment area
11 using the most recently completed full calendar year data available
12 on that date and, not later than October 1, shall publish a list and
13 map of the designated areas. A determination under this subsection
14 is effective for the following tax year for purposes of this
15 subchapter.

16 (e) The governing body of a school district to which this
17 subchapter applies may enter into an agreement in the same manner as
18 a school district to which Subchapter B applies may do so under
19 Subchapter B, subject to Sections 313.052-313.054. Except as
20 otherwise provided by this subchapter, the provisions of Subchapter
21 B apply to a school district to which this subchapter applies. For
22 purposes of this subchapter, a property owner is required to create
23 at least 10 new qualifying jobs as defined by Section 313.021(4) on
24 the owner's qualified property.

25 Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. For
26 purposes of determining the required minimum amount of a qualified
27 investment under Section 313.021(3)(A)(iv)(a) and the minimum

1 amount of a limitation on appraised value under this subchapter,
2 school districts to which this subchapter applies are categorized
3 according to the taxable value of industrial property in the
4 district for the preceding tax year determined under Subchapter M,
5 Chapter 403, Government Code, as follows:

6 (1) Category I consists of school districts having a
7 taxable industrial property value of at least \$200 million;

8 (2) Category II consists of school districts having a
9 taxable industrial property value of at least \$90 million but less
10 than \$200 million;

11 (3) Category III consists of school districts having a
12 taxable industrial property value of at least \$1 million but less
13 than \$90 million;

14 (4) Category IV consists of school districts having a
15 taxable industrial property value of at least \$100,000 but less
16 than \$1 million; and

17 (5) Category V consists of school districts having a
18 taxable industrial property value of less than \$100,000.

19 Sec. 313.053. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. For
20 each category of school district established by Section 313.052,
21 the minimum amount of a qualified investment under Section
22 313.021(3)(A)(iv)(a) is as follows:

23 (1) \$30 million for a Category I school district;

24 (2) \$20 million for a Category II school district;

25 (3) \$10 million for a Category III school district;

26 (4) \$5 million for a Category IV school district; and

27 (5) \$1 million for a Category V school district.

1 Sec. 313.054. LIMITATION ON APPRAISED VALUE. (a) For a
2 school district to which this subchapter applies, the amount agreed
3 to by the governing body of the district under Section
4 313.028(a)(2) must be an amount in accordance with the following,
5 according to the category established by Section 313.052 to which
6 the school district belongs:

- 7 (1) \$30 million for a Category I school district;
- 8 (2) \$25 million for a Category II school district;
- 9 (3) \$20 million for a Category III school district;
- 10 (4) \$15 million for a Category IV school district; and
- 11 (5) \$10 million for a Category V school district.

12 (b) The limitation amounts listed in Subsection (a) are
13 minimum amounts. A school district, regardless of category, may
14 agree to a greater amount than those amounts.

15 SECTION 3. Section 48.256(d), Education Code, is amended to
16 read as follows:

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

1 revenue protection payment required as part of an agreement for a
2 limitation on appraised value shall be based on the district's
3 taxable value of property for the preceding tax year.

4 SECTION 4. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2023.