

By: Landgraf, Morales of Maverick

H.B. No. 4429

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the duty of a school district to enter into an ad
3 valorem tax abatement agreement under the Property Redevelopment
4 and Tax Abatement Act for certain property.

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

6 SECTION 1. Sections 312.002(f) and (g), Tax Code, are
7 amended to read as follows:

8 (f) Except as provided by Subchapter D, on ~~[On]~~ or after
9 September 1, 2001, a school district may not enter into a tax
10 abatement agreement under this chapter.

11 (g) "Taxing unit" has the meaning assigned by Section 1.04,
12 except that for a tax abatement agreement executed on or after
13 September 1, 2001, other than an agreement under Subchapter D, the
14 term does not include a school district that is subject to Chapter
15 48, Education Code, and that is organized primarily to provide
16 general elementary and secondary public education.

17 SECTION 2. Section 312.0025(a), Tax Code, is amended to
18 read as follows:

19 (a) Notwithstanding any other provision of this chapter to
20 the contrary, the governing body of a school district, in the manner
21 required for official action and for purposes of Subchapter D of
22 this chapter or Subchapter B or C, Chapter 313, may designate an
23 area entirely within the territory of the school district as a
24 reinvestment zone if the governing body finds that, as a result of

1 the designation and the granting of an exemption from taxation
2 under Subchapter D of this chapter or a limitation on appraised
3 value under Subchapter B or C, Chapter 313, as applicable, for
4 property located in the reinvestment zone, the designation is
5 reasonably likely to:

6 (1) contribute to the expansion of primary employment
7 in the reinvestment zone; or

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

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

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

14 SECTION 3. Chapter 312, Tax Code, is amended by adding
15 Subchapter D to read as follows:

16 SUBCHAPTER D. TAX ABATEMENT IN SCHOOL DISTRICT REINVESTMENT ZONE

17 Sec. 312.501. DEFINITIONS. In this subchapter:

18 (1) "Appraised value" has the meaning assigned by
19 Section 1.04.

20 (2) "Electric generating facility" means a facility
21 that:

22 (A) is a natural gas-fired electric generating
23 facility that provides dispatchable electric power for the ERCOT
24 power grid and for which a permit is required by the Texas
25 Commission on Environmental Quality under the prevention of
26 significant deterioration air permit program adopted under Chapter
27 382, Health and Safety Code, including a facility that captures,

1 uses, reuses, or stores carbon dioxide emissions for enhanced oil
2 recovery, sequestration, or other commercial uses; and

3 (B) is located in a reinvestment zone designated
4 under this chapter.

5 (3) "Qualified property" means the following property
6 that is part of an electric generating facility and has an
7 aggregated appraised value of \$1 billion on January 1 of the first
8 year following the year in which the facility first furnishes
9 electricity for the power grid:

10 (A) a building or other improvement constructed
11 on or after January 1, 2024; and

12 (B) tangible personal property first placed in
13 service in the new building or other improvement described by
14 Paragraph (A) or on the land on which the new building or other
15 improvement is located.

16 Sec. 312.502. APPLICATION. The owner of a proposed
17 electric generating facility may apply to the governing body of the
18 school district in which the facility is proposed to be located to
19 exempt from taxation for school district maintenance and operations
20 tax purposes the portion of the appraised value of qualified
21 property proposed to be located at the facility in excess of \$30
22 million.

23 Sec. 312.503. ACTION ON APPLICATION. (a) The governing
24 body of a school district shall approve an application submitted
25 under Section 312.502 unless the governing body determines that the
26 proposed electric generating facility subject to the application is
27 not an electric generating facility as defined by Section 312.501.

1 (b) The governing body of a school district must approve or
2 deny an application not later than the 60th day after the date the
3 applicant submits the application.

4 Sec. 312.504. AGREEMENT. (a) A school district that
5 approves an application submitted under Section 312.502 shall enter
6 into a written agreement with the owner of the proposed electric
7 generating facility subject to the application not later than the
8 90th day after the date the applicant submits the application.

9 (b) An agreement entered into under this section must
10 provide that the owner of the electric generating facility is
11 entitled to an exemption from taxation for school district
12 maintenance and operations tax purposes of the portion of the
13 appraised value of qualified property located at the facility in
14 excess of \$30 million for a period of 10 years beginning on the
15 first January 1 after 2027 that the facility furnishes electricity
16 for the power grid.

17 SECTION 4. Section 403.302(d), Government Code, is amended
18 to read as follows:

19 (d) For the purposes of this section, "taxable value" means
20 the market value of all taxable property less:

21 (1) the total dollar amount of any residence homestead
22 exemptions lawfully granted under Section 11.13(b) or (c), Tax
23 Code, in the year that is the subject of the study for each school
24 district;

25 (2) one-half of the total dollar amount of any
26 residence homestead exemptions granted under Section 11.13(n), Tax
27 Code, in the year that is the subject of the study for each school

1 district;

2 (3) the total dollar amount of any exemptions granted
3 before May 31, 1993, or after June 1, 2023, within a reinvestment
4 zone under agreements authorized by Chapter 312, Tax Code;

5 (4) subject to Subsection (e), the total dollar amount
6 of any captured appraised value of property that:

7 (A) is within a reinvestment zone created on or
8 before May 31, 1999, or is proposed to be included within the
9 boundaries of a reinvestment zone as the boundaries of the zone and
10 the proposed portion of tax increment paid into the tax increment
11 fund by a school district are described in a written notification
12 provided by the municipality or the board of directors of the zone
13 to the governing bodies of the other taxing units in the manner
14 provided by former Section 311.003(e), Tax Code, before May 31,
15 1999, and within the boundaries of the zone as those boundaries
16 existed on September 1, 1999, including subsequent improvements to
17 the property regardless of when made;

18 (B) generates taxes paid into a tax increment
19 fund created under Chapter 311, Tax Code, under a reinvestment zone
20 financing plan approved under Section 311.011(d), Tax Code, on or
21 before September 1, 1999; and

22 (C) is eligible for tax increment financing under
23 Chapter 311, Tax Code;

24 (5) the total dollar amount of any captured appraised
25 value of property that:

26 (A) is within a reinvestment zone:

27 (i) created on or before December 31, 2008,

1 by a municipality with a population of less than 18,000; and

2 (ii) the project plan for which includes
3 the alteration, remodeling, repair, or reconstruction of a
4 structure that is included on the National Register of Historic
5 Places and requires that a portion of the tax increment of the zone
6 be used for the improvement or construction of related facilities
7 or for affordable housing;

8 (B) generates school district taxes that are paid
9 into a tax increment fund created under Chapter 311, Tax Code; and

10 (C) is eligible for tax increment financing under
11 Chapter 311, Tax Code;

12 (6) the total dollar amount of any exemptions granted
13 under Section 11.251 or 11.253, Tax Code;

14 (7) the difference between the comptroller's estimate
15 of the market value and the productivity value of land that
16 qualifies for appraisal on the basis of its productive capacity,
17 except that the productivity value estimated by the comptroller may
18 not exceed the fair market value of the land;

19 (8) the portion of the appraised value of residence
20 homesteads of individuals who receive a tax limitation under
21 Section 11.26, Tax Code, on which school district taxes are not
22 imposed in the year that is the subject of the study, calculated as
23 if the residence homesteads were appraised at the full value
24 required by law;

25 (9) a portion of the market value of property not
26 otherwise fully taxable by the district at market value because of
27 action required by statute or the constitution of this state, other

1 than Section 11.311, Tax Code, that, if the tax rate adopted by the
2 district is applied to it, produces an amount equal to the
3 difference between the tax that the district would have imposed on
4 the property if the property were fully taxable at market value and
5 the tax that the district is actually authorized to impose on the
6 property, if this subsection does not otherwise require that
7 portion to be deducted;

8 (10) the market value of all tangible personal
9 property, other than manufactured homes, owned by a family or
10 individual and not held or used for the production of income;

11 (11) the appraised value of property the collection of
12 delinquent taxes on which is deferred under Section 33.06, Tax
13 Code;

14 (12) the portion of the appraised value of property
15 the collection of delinquent taxes on which is deferred under
16 Section 33.065, Tax Code;

17 (13) the amount by which the market value of a
18 residence homestead to which Section 23.23, Tax Code, applies
19 exceeds the appraised value of that property as calculated under
20 that section; and

21 (14) the total dollar amount of any exemptions granted
22 under Section 11.35, Tax Code.

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