

By: Slaton

H.B. No. 5032

A BILL TO BE ENTITLED

1 AN ACT
2 relating to a credit against the ad valorem taxes imposed on
3 property owned by a person who makes a donation to the state for the
4 purpose of border security and reimbursement to taxing units for
5 the revenue loss incurred as a result of the credit.

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

7 SECTION 1. Chapter 31, Tax Code, is amended by adding
8 Section 31.038 to read as follows:

9 Sec. 31.038. TAX CREDIT FOR DONATIONS TO SUPPORT BORDER
10 SECURITY EFFORTS. (a) In this section:

11 (1) "Border security efforts" means programs or
12 activities undertaken and funded by this state or an agency of this
13 state to secure the international border of this state with the
14 United Mexican States.

15 (2) "Business entity" means a legal entity, including
16 a corporation or partnership, that is formed for the purpose of
17 making a profit.

18 (3) "Principal office" means the location where the
19 decision makers for a business entity conduct the daily affairs of
20 the business.

21 (b) An owner of property is entitled to a credit against the
22 taxes imposed in a tax year on that property by a taxing unit if the
23 owner:

24 (1) is:

1 (A) a United States citizen residing in this
2 state; or

3 (B) a business entity whose principal office is
4 located in this state; and

5 (2) donates money to this state in support of border
6 security efforts.

7 (c) The amount of the credit to which a property owner is
8 entitled under this section is equal to the lesser of:

9 (1) the total amount of money the property owner
10 donated to this state in support of border security efforts during
11 the preceding 12-month period; or

12 (2) the total amount of taxes imposed on the property
13 by all of the taxing units that tax the property.

14 (d) The amount of the credit must first be applied against
15 the taxes imposed on the property by the school district in which
16 the property is located. If, after applying the credit against the
17 taxes imposed on the property by the school district, any amount of
18 the credit remains, that amount applies against the taxes imposed
19 on the property by each taxing unit in which the property is located
20 other than the school district in an amount computed by multiplying
21 the remaining amount of the credit by a fraction, the numerator of
22 which is the amount of taxes imposed on the property by the
23 applicable taxing unit and the denominator of which is the total
24 amount of taxes imposed on the property by all of the taxing units
25 other than the school district that tax the property.

26 (e) The property owner must file an application each year
27 with the chief appraiser of the appraisal district in which the

1 property is located to receive a credit under this section. The
2 application must include an affidavit stating the amount of the
3 donations described by Subsection (b)(2) made by the property owner
4 during the preceding 12-month period and include any relevant
5 information or documentation required by the application form.

6 (f) The chief appraiser shall forward a copy of the
7 application to the assessor for each taxing unit that taxes the
8 property. The assessors for the taxing units shall consult with one
9 another as necessary to compute the amount of credit, if any, to be
10 granted by each taxing unit.

11 (g) The comptroller shall adopt rules for the
12 implementation and administration of this section, including rules
13 prescribing the form of an application for the credit and
14 specifying the 12-month period during which donations may be used
15 to calculate the credit.

16 SECTION 2. Section 481.078, Government Code, is amended by
17 amending Subsection (c) and adding Subsection (d-2) to read as
18 follows:

19 (c) Except as provided by Subsections (d), ~~and~~ (d-1), and
20 (d-2), the fund may be used only for economic development,
21 infrastructure development, community development, job training
22 programs, and business incentives.

23 (d-2) The fund may be used by the comptroller to make border
24 security tax credit reimbursement payments in the manner prescribed
25 by Section 140.010, Local Government Code.

26 SECTION 3. Chapter 140, Local Government Code, is amended
27 by adding Section 140.010 to read as follows:

1 Sec. 140.010. BORDER SECURITY TAX CREDIT REIMBURSEMENT
2 PAYMENTS. (a) In this section, "taxing unit" and "tax year" have
3 the meanings assigned by Section 1.04, Tax Code.

4 (b) A taxing unit is entitled to a border security tax
5 credit reimbursement payment from the state for a tax year for which
6 the chief appraiser of the appraisal district in which the taxing
7 unit participates approves an application for a credit under
8 Section 31.038, Tax Code.

9 (c) The amount of the border security tax credit
10 reimbursement payment is equal to the revenue loss incurred by the
11 taxing unit as a result of the credit under Section 31.038, Tax
12 Code, in the tax year for which the border security tax credit
13 reimbursement payment is sought.

14 (d) Not later than April 1 of the year following the tax year
15 for which the border security tax credit reimbursement payment is
16 sought, the taxing unit may submit an application to the
17 comptroller to receive a border security tax credit reimbursement
18 payment for that tax year. The application must be made on a form
19 prescribed by the comptroller.

20 (e) A taxing unit that does not submit an application to the
21 comptroller by the date prescribed by Subsection (d) is not
22 entitled to a border security tax credit reimbursement payment for
23 the tax year for which the deadline applies.

24 (f) The comptroller shall review each application by a
25 taxing unit to determine whether the taxing unit is entitled to a
26 border security tax credit reimbursement payment. If the
27 comptroller determines that the taxing unit is entitled to the

1 payment, the comptroller shall remit the payment to the taxing unit
2 not later than the 30th day after the date the application for the
3 payment is made.

4 (g) The comptroller shall make border security tax credit
5 reimbursement payments using money in the Texas Enterprise Fund.
6 In the event that the Texas Enterprise Fund does not maintain a
7 positive balance on the date the comptroller is required to make a
8 payment, the comptroller shall make the payment using undedicated
9 money in the general revenue fund.

10 (h) The comptroller may adopt rules to implement and
11 administer this section.

12 SECTION 4. This Act applies only to ad valorem taxes imposed
13 for a tax year beginning on or after the effective date of this Act.

14 SECTION 5. This Act takes effect January 1, 2025, but only
15 if the constitutional amendment proposed by the 88th Legislature,
16 Regular Session, 2023, to authorize the legislature to provide for
17 a credit against the ad valorem taxes imposed on property owned by a
18 person who makes a donation to the state for the purpose of border
19 security and to provide for the reimbursement of political
20 subdivisions for the revenue loss incurred as a result of the credit
21 is approved by the voters. If that amendment is not approved by the
22 voters, this Act has no effect.