

By: Paxton

S.B. No. 2747

A BILL TO BE ENTITLED

AN ACT

relating to limitations applicable to certain agreements providing for a rebate of municipal sales and use taxes or a grant or loan based on those taxes.

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

SECTION 1. Subchapter A, Chapter 321, Tax Code, is amended by adding Section 321.006 to read as follows:

Sec. 321.006. MAXIMUM AMOUNT OF CERTAIN TAX INCENTIVES.

(a) This section applies to an agreement between a municipality or a local government corporation or other entity created by a municipality and a business under which:

(1) the business agrees to relocate to the municipality from one or more other municipalities in this state; and

(2) the municipality, corporation, or other entity agrees to:

(A) rebate to the business an amount of tax imposed by the municipality under this chapter or an amount of revenue derived from that tax; or

(B) provide a grant or loan to the business in an amount that is based on an amount of tax imposed by the municipality under this chapter or based on an amount of revenue derived from that tax.

(b) Notwithstanding any other law, if a business is

relocating from one municipality in this state to another municipality pursuant to an agreement described by Subsection (a):

(1) the amount of a rebate, grant, or loan described by Subsection (a) may not exceed the amount of any similar rebate, grant, or loan provided by the municipality from which the business is relocating; and

(2) the duration of an agreement described by Subsection (a) may not exceed the duration of any similar agreement between the business and the municipality from which the business is relocating.

(c) Notwithstanding any other law, if a business is relocating from more than one municipality in this state to another municipality pursuant to an agreement described by Subsection (a):

(1) the amount of a rebate, grant, or loan described by Subsection (a) may not exceed the weighted average amount of any similar rebates, grants, and loans provided by the municipalities from which the business is relocating, weighted according to the amount of taxes under this chapter collected by the business in each of those municipalities; and

(2) the duration of an agreement described by Subsection (a) may not exceed the weighted average duration of any similar agreements between the business and the municipalities from which the business is relocating, weighted according to the amount of taxes under this chapter collected by the business in each of those municipalities.

SECTION 2. Section 321.006, Tax Code, as added by this Act, does not apply to an agreement entered into before the effective

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1 date of this Act, except that Section 321.006, Tax Code, as added by
2 this Act, does apply to any renewal, modification, or extension of
3 the agreement that occurs on or after the effective date of this
4 Act.

5 SECTION 3. This Act takes effect September 1, 2025.