

BILL ANALYSIS

Senate Research Center

S.B. 1409
By: Sibley
Economic Development
3-26-97
As Filed

DIGEST

Currently, school district property taxes constitute approximately 60 percent of the taxes paid by a business. Heavy school property taxes undermine the state's ability to attract and retain capital-intensive businesses. This bill creates the Invest Texas Program to provide school property tax incentives to certain capital-intensive companies that meet specific wage and payroll requirements.

PURPOSE

As proposed, S.B. 1409 creates the Invest Texas Program to provide school property tax incentives to certain capital-intensive companies that meet specific wage and payroll requirements.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the comptroller in SECTION 2 (Section 313.018, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 312.005(a), Tax Code, to delete Subdivision (3) regarding certain information to be included in a report from a taxing unit. Makes nonsubstantive changes.

SECTION 2. Amends the Tax Code, by adding Chapter 313, as follows:

CHAPTER 313. THE INVEST TEXAS ACT

Sec. 313.001. SHORT TITLE: Invest Texas Act.

Sec. 313.002. DEFINITIONS. Defines "affiliate," "control," "deferred maintenance," "existing facility," "existing value," "expand," "modernize," "new facility," "project," "property owner," and "school district."

Sec. 313.003. EXEMPTIONS. Authorizes an owner of taxable real property located in a school district to enter into a contract with the governing body of the school district, for a certain amount and time. Provides that the existing value is not eligible for a tax exemption under this chapter.

Sec. 313.004. AUTHORITY TO ENTER INTO A CONTRACT. Sets forth conditions under which an owner of taxable real property located in a school district may enter into a contract with the governing body of the school district.

Sec. 313.005. AUTHORIZATION OF COMPTROLLER. Requires a property owner to receive authorization to enter into a contract under this chapter. Sets forth the requirements for the application. Creates the Invest Texas Account. Sets forth the comptroller's duties under this chapter.

Sec. 313.006. CONFIDENTIALITY OF PROPRIETARY INFORMATION. Sets forth certain information to be kept confidential.

Sec. 313.007. MANDATORY CONTRACT PROVISIONS. Sets forth mandatory contract provisions for a contract under this chapter. Defines "family wage job."

Sec. 313.008. OPTIONAL CONTRACT PROVISIONS. Sets forth optional contract provisions for a contract under this chapter.

Sec. 313.009. DETERMINATION BY SCHOOL DISTRICT OF PROPERTY OWNER'S COMPLIANCE WITH CONTRACT. Sets forth requirements for determining whether a property owner is complying with a contract under this chapter.

Sec. 313.010. ACTION BY SCHOOL DISTRICT ON NONCOMPLIANCE. Requires the school district to take certain actions for noncompliance by a property owner.

Sec. 313.011. DETERMINATION BY COMPTROLLER OF PROPERTY OWNER'S COMPLIANCE WITH CONTRACT. Sets forth requirements and procedures for the comptroller to determine whether a property owner is complying with a contract under this chapter. Provides that a determination by the comptroller under this section does not affect the rights of the property owner under the contract.

Sec. 313.012. NOTICE OF CONTRACT. Sets forth requirements of notice of a contract.

Sec. 313.013. LIMITATIONS ON CONTRACT. Sets forth limitations of a contract under this chapter.

Sec. 313.014. MODIFICATION OR TERMINATION OF CONTRACT. Sets forth requirements for modification or termination of a contract under this chapter.

Sec. 313.015. COORDINATION WITH CHAPTER 312, TAX CODE. Sets forth requirements for a property owner to enter into a contract under this chapter, if the property owner is subject to a school tax abatement agreement under Chapter 312, Tax Code.

Sec. 313.016. EVALUATION AND ANNUAL REPORT. Requires the comptroller on or before November 1 of each even-numbered year to prepare and deliver a report on certain items. Authorizes the comptroller to prescribe the form for information gathering.

Sec. 313.017. PROMOTION AND MARKETING OF INVEST TEXAS PROGRAM. Requires the comptroller and the Texas Department of Commerce to jointly promote the program created under this chapter.

Sec. 313.018. RULES AND FORMS. Requires the comptroller to adopt rules and forms for the administration of this chapter and sets forth the requirements of the rules.

Sec. 313.019. EXPIRATION DATE. Provides that this chapter expires September 1, 2001, if not continued in effect.

SECTION 3. Amends Section 41.009(b), Education Code, to make a conforming change.

SECTION 4. Amends Section 403.302(d), Government Code, to make a conforming change.

SECTION 5. Repealer: Chapter 111F, Tax Code (Tax refund for economic development).

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date: September 1, 1997.

SECTION 8. Emergency clause.