

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 1470  
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Finance  
5/18/2007  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 1200, 77th Legislature, Regular Session, 2001, created the Economic Development Act to encourage large-scale capital investments in Texas to create new jobs and to enable local government officials to compete with economic incentives offered by other states. The bill also created a local economic development tool for school districts, allowing Texas to compete for jobs and large projects.

The owner of qualified property is authorized to apply to a school district for a limitation on the appraised value of the property for school district maintenance and operations ad valorem tax purposes. Part of the application process requires a third party economic impact evaluation of a proposed project, performed on the behalf of the school district. The evaluation is required to be sent to the comptroller who, after review, makes a non-binding recommendation to the school district whether to approve or decline the application. H.B. 1200 provided for the Act to expire on December 31, 2007.

H.B. 3, 79th Legislature, Third Called Session, 2006, requires that economic impact evaluations be performed by the Texas Education Agency (TEA), rather than a third party selected by the school district. H.B. 3 also extended the sunset date of the Act to December 31, 2011. Each of these provisions go into effect on January 1, 2008.

C.S.H.B. 1470 amends current law to extend the effective date of the Economic Development Act to December 31, 2011, and repeals the corresponding changes made by H.B. 3 that extended the Act to December 31, 2011. The change is needed to avoid the expiration date of the Act on December 31, 2006, before the H.B. 3 extension to 2011 becomes effective. H.B. 1470 also repeals the H.B. 3 provisions relating to TEA's performing the impact evaluation.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 313.007, Tax Code, as follows:

Sec. 313.007. EXPIRATION. Extends the expiration date of Subchapters B, C, and D to December 31, 2011, from December 31, 2007.

SECTION 2. Amends Section 313.025, Tax Code, by amending Subsections (b) and (d) and adding Subsection (b-1), as follows:

(b) Requires the governing body of a school district, if it elects to consider an application for a limitation on appraised value that is filed with the governing body under Subsection (a), to deliver three copies of the application to the comptroller of public accounts (comptroller) and request that the comptroller provide an economic impact evaluation of the application to the school district. Requires the comptroller, except as provided by Subsection (b-1), to conduct or contract with a third person to conduct and provide to the governing body of the school district said evaluation as soon as practicable. Requires the governing body to provide to the comptroller or third person any requested information. Authorizes the development of a methodology to allow comparisons of economic impact

for different schedules of the addition of qualified investment or qualified property as part of the economic impact evaluation. Requires the governing body to provide a copy of the evaluation to the applicant on request. Authorizes the comptroller to charge and collect a fee sufficient to cover the costs of providing the economic impact evaluation. Requires the governing body of a school district to approve or disapprove an application before the 121st day after the date the application is filed, unless the economic impact evaluation has not been received or an extension is agreed to by the governing body and the applicant.

(b-1) Requires the comptroller to indicate on one copy of the application the date the comptroller received the application and deliver that copy to the Texas Education Agency (TEA). Requires TEA to determine the impact that the added infrastructure will have on the region and the effect that the applicant's proposal will have on the number or size of the school district's instructional facilities, as required to be included in the economic impact evaluation by Sections 313.026(a)(6) and (9), and to submit a written report containing its determinations to the comptroller. Requires the governing body of the school district to provide any requested information to TEA. Requires TEA, not later than the 45th day after the date the application indicates that the comptroller received the application, to make the required determination and submit its written report to the comptroller. Provides that a third person contracted by the comptroller to conduct an economic impact evaluation of an application is not required to make a determination that TEA is required to make and report to the comptroller under this subsection.

(d) Requires the comptroller, before the 61st day after the date the comptroller receives the copy of the application to submit a recommendation to the governing body of the school district as to whether the application should be approved or disapproved. Deletes existing text relating to delivery of an application to the comptroller and the use of certain criteria by the comptroller.

SECTION 3. Amends Section 313.025, Tax Code, by adding Subsection (f-1), as follows:

(f-1) Authorizes the governing body, notwithstanding any other provision of this chapter to the contrary, including Section 313.003(2) or 313.004(3)(A) or (B)(iii), to waive the new jobs creation requirement in Section 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if it makes a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

SECTION 4. Amends Section 313.026, Tax Code, as follows:

(a) Creates this subsection from existing text.

(b) Requires the comptroller's recommendations to be based on the criteria listed in Subsections (a)(2)-(9) and on any other information available to the comptroller, including information provided by the governing body of the school district under Section 313.025(b).

(c) Provides that Subsection (b) does not apply to the comptroller's recommendations made before December 31, 2007. Provides that this subsection expires December 31, 2008.

SECTION 5. Amends Section 313.104, Tax Code, to require the governing body of the school district, within a certain timeframe and under certain circumstances, to direct the collector of taxes for the school district to credit a certain amount against the taxes imposed on the qualified property by the district in the first three tax years, rather than the first tax year, on or after the date the person's eligibility for certain limitations expires.

SECTION 6 Repealer: Sections 16(a) and (d), Chapter 1, Acts of the 79th Legislature, 3rd Called Session, 2006.

SECTION 7. (a) Makes application of Sections 313.025 and 313.026, Tax Code, as amended by this Act, prospective to December 31, 2007.

(b) Provides that Subsection (a) of this section does not apply to Section 313.025(f-1), Tax Code, as added by this Act.

(c) Makes application of Section 313.104, Tax Code, prospective.

SECTION 8. (a) Effective date: upon passage or September 1, 2007, except as otherwise provided by Subsection (b) of this section.

(b) Effective date, Section 2 of this Act: December 31, 2007.