

BILL ANALYSIS

Senate Research Center

S.B. 1593
By: Seliger
Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Since its enactment in 2001, the Texas Economic Development Act has proven to be a tremendously useful tool to enhance the economic competitiveness of Texas, and particularly to attract large-scale capital investments to this state. The beneficial impacts that the program has had in attracting large-scale capital investment are borne out by the comptroller of public accounts' report on the Texas Economic Development Act which indicates that an estimated \$40.98 billion in investment has been made under the program through June 2008. This has been a successful tool in attracting significant investment to this state, including rural areas, and these changes are needed to ensure that Texas remains competitive in attracting investment and creating jobs for our economy.

As proposed, S.B. 1593 continues the Texas Economic Development Act until 2015 and clarifies and amends Chapter 313 (Texas Economic Development Act), Tax Code.

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, to provide that Subchapters B (Limitation on Appraised Value of Certain Property Used to Create Jobs), C (Limitation on Appraised Value of Property in Certain Rural School Districts), and D (School Tax Credits) expire December 31, 2015, rather than 2011.

SECTION 2. Amends Section 313.021, Tax Code, to redefine "qualified investment," "qualified property," "qualifying job," "qualifying time period," and "county average weekly wage."

SECTION 3. Amends Section 313.024(e), Tax Code, to define "research and development" and redefine "manufacturing." Creates subdivisions from existing text.

SECTION 4. Amends Section 313.025(a), Tax Code, to authorize the owner or lessee of, or other holder of a possessory interest in, any qualified property described in any of Section 313.021(2)(A) (relating to qualified property as land), (B) (relating to qualified property as a new building or other improvement), or (C) (relating to qualified property as tangible personal property) to apply to the governing body of the school district in which the property is located for a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes of the person's qualified property.

SECTION 5. Amends Section 313.027, Tax Code, by adding Subsection (h), as follows:

(h) Authorizes the governing body of the school district and the property owner to agree to delay the effective date of the agreement or subsequently amend the agreement to delay the effective date of the agreement for a period not to exceed five years from the date that the governing body of the school district first approves the agreement. Requires that the qualifying time period, in the event that the governing body of the school district and the property owner agree to delay the effective date of the agreement, consist of the first two tax years that begin on or after the effective date of the agreement.

SECTION 6. Amends Sections 313.051(a), (a-1), and (b), Tax Code, as follows:

(a) Provides that this subchapter applies only to a school district that has territory in an area that qualified as a strategic investment area under Subchapter O (Tax Credit for Certain Research and Development Activities), Chapter 171 (Franchise Tax), immediately before that subchapter expired. Deletes existing text that provides that this subchapter applies only to a school district that has territory in a strategic investment area, as defined by Section 171.721 (relating to definitions), or a county that is not partially or wholly located in a metropolitan statistical area. Makes nonsubstantive changes.

(a-1) Makes no changes to this subsection.

(b) Deletes existing text relating to the exception requiring each qualifying job, for a school district described by Subsection (a)(2) (relating to a school district that has territory in a certain county), to pay at least 110 percent of the average weekly wage for manufacturing jobs in the region designated for the regional planning commission, council of governments, or similar regional planning agency created under Chapter 391 (Regional Planning Commissions), Local Government Code, in which the district is located.

SECTION 7. Amends Section 403.302(d), Government Code, to redefine "taxable value."

SECTION 8. Provides that Sections 313.021(1)(A) and (2), 313.024(e), and 313.025(a), Tax Code, as amended by this Act, are intended to clarify existing law in effect before the effective date of this Act and are not intended to make a substantive change in the law.

SECTION 9. Effective date: upon passage or September 1, 2009.