

BILL ANALYSIS

Senate Research Center

H.B. 3390
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Economic Development
5/9/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas has many attributes that make it an attractive location for new business investment; however, Texas has very high property tax rates applying to a broader tax base than that of many other states. That creates a substantial disincentive in attracting new businesses to Texas, particularly those that are capital intensive. In the late 1990s Texas lost a number of major industrial investment projects to other states because of the relatively high level of property taxes. At the time, cities and counties could offer temporary tax abatements, but school districts, which accounted for over one-half of the property taxes paid in the state, could not. The legislature passed the Texas Economic Development Act, codified as Chapter 313 (Texas Economic Development Act) of the Tax Code to allow school districts to offer a temporary limitation on the taxable value of new investment property to incentivize new business investments in the state. The original act had a sunset date of 2007, which has been extended twice since then.

H.B. 3390 amends current law relating to the Texas Economic Development Act and the Tax Increment Financing Act, and authorizes a fee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 3 (Section 313.021, Tax Code) of this bill.

Rulemaking authority is expressly granted to the Texas Economic Development and Tourism Office in SECTION 5 (Section 313.024, Tax Code) of this bill.

Rulemaking authority previously granted to the comptroller of public accounts of the State of Texas is modified in SECTION 12 (Section 313.031, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 313.002, 313.003, 313.004, and 313.007, Tax Code, as follows:

Sec. 313.002. FINDINGS. Provides that the legislature finds that:

- (1) many states have enacted aggressive economic development laws designed to attract large employers, create jobs, and strengthen their economies;
- (2) given Texas' relatively high ad valorem taxes, it is difficult for the state to compete for new capital projects without temporarily limiting ad valorem taxes imposed on new capital investments, rather than the State of Texas has slipped in its national ranking each year between 1993 and 2000 in terms of attracting major new manufacturing facilities to this state;
- (3) a significant portion of the Texas economy continues to be based in manufacturing and other capital-intensive industries, and their continued growth and overall health serve the Texas economy well, rather than a significant portion of the Texas economy continues to be based in the manufacturing industry, and

the continued growth and overall health of the manufacturing sector serves the Texas economy well;

(4) without a vibrant, strong manufacturing sector, other sectors of the economy, especially the state's service sector, will also suffer adverse consequences; and

(5) the current ad valorem tax system, rather than the current property tax system, of this state does not favor capital-intensive businesses such as manufacturers.

Sec. 313.003. PURPOSES. Provides that the purposes of this chapter (Texas Economic Development Act) are to:

(1) encourage large-scale capital investments in this state, rather than encourage large-scale capital investments in this state, especially in school districts that have an ad valorem tax base that is less than the statewide average ad valorem tax base of school districts in this state;

(2) Makes no change to this subdivision;

(3) attract to this state large-scale businesses that are exploring opportunities to locate in other states or other countries, rather than attract to this state new, large-scale businesses that are exploring opportunities to locate in other states or other countries;

(4) enable state and local government officials and economic development professionals to compete with other states by authorizing economic development incentives that are comparable to incentives being offered to prospective employers by other states and to provide state and local officials with an effective means to attract large-scale investment, rather than enable local government officials and economic development professionals to compete with other states by authorizing economic development incentives that meet or exceed incentives being offered to prospective employers by other states and to provide local officials with an effective means to attract large-scale investment;

(5) Makes no change to this subdivision;

(6) expand and enlarge the ad valorem tax base of this state, rather than the ad valorem property tax base of this state; and

(7) enhance this state's economic development efforts by providing state and local officials with an effective economic development tool, rather than by providing school districts with an effective local economic development option.

Sec. 313.004. LEGISLATIVE INTENT. Provides that it is the intent of the legislature in enacting this chapter that:

(1) economic development decisions involving school district taxes should occur at the local level with oversight by the state and should be consistent with identifiable statewide economic development goals;

(2) this chapter should not be construed or interpreted to allow:

(A) property owners to pool investments to create sufficiently large investments to qualify for an ad valorem tax benefit provided by this chapter, rather than for an ad valorem tax benefit or financial benefit provided by this chapter;

(B) an applicant for an ad valorem tax benefit, rather than an applicant for an ad valorem tax benefit or financial benefit, provided by this chapter to

assert that jobs will be eliminated if certain investments are not made if the assertion is not true; or

(C) an entity not subject to the tax imposed by Chapter 171 (Franchise Tax) to receive an ad valorem tax benefit provided by this chapter, rather than a sole proprietorship, partnership, or limited liability partnership to receive an ad valorem tax benefit or financial benefit provided by this chapter;

(3) in implementing this chapter, school districts should:

(A) Makes no change to this paragraph; and

(B) approve only those applications for an ad valorem tax benefit, rather than applications for an ad valorem tax benefit or financial benefit, provided by this chapter that enhance the local community; improve the local public education system; create high-paying jobs; and advance the economic development goals of this stand, rather than advance the economic development goals of this state as identified by the Texas Strategic Economic Development Planning Commission; and

(4) in implementing this chapter, the comptroller of the public accounts for the State of Texas (comptroller) should:

(A) strictly interpret the criteria and selection guidelines provided by this chapter; and

(B) issue certificates for limitations on appraised value only for those applications for an ad valorem tax benefit provided by this chapter that create high-paying jobs; provide a net benefit to the state over the long term; and advance the economic development goals of this state.

Makes conforming and nonsubstantive changes.

Sec. 313.007. EXPIRATION. Provides that Subchapters B (Limitation on Appraised Value of Certain Property Used to Create Jobs) and C (Limitation on Appraised Value of Property in Certain Rural School Districts) expire December 31, 2024, rather than provides that Subchapters B, C, and D (School Tax Credits) expire December 31, 2014.

SECTION 2. Amends Subchapter A, Chapter 313, Tax Code, by adding Section 313.010, as follows:

Sec. 313.010. AUDIT OF AGREEMENTS BY STATE AUDITOR. (a) Requires the state auditor, each year, to review at least three major agreements, as determined by the state auditor, under this chapter to determine whether:

(1) each agreement accomplishes the purposes of this chapter as expressed in Section 313.003;

(2) each agreement complies with the intent of the legislature in enacting this chapter as expressed in Section 313.004; and

(3) the terms of each agreement were executed in compliance with the terms of this chapter.

(b) Requires the state auditor, as part of the review, to make recommendations relating to increasing the efficiency and effectiveness of the administration of this chapter.

SECTION 3. Amends Sections 313.021(1), (2), and (3), Tax Code, as follows:

(1) Redefines "qualified investment."

(2) Redefines "qualified property."

(3) Redefines "qualifying job." Provides that, in determining whether a property owner has created the number of qualifying jobs required under this chapter, operation, services and other related jobs created in connection with the project, including those employed by third parties under contract, are authorized to satisfy the minimum qualifying jobs requirement for the project if the Texas Workforce Commission (TWC) determines that the cumulative economic benefits to the state of these jobs is the same or greater than that associated with the minimum number of qualified jobs required to be created under this chapter. Authorizes TWC to adopt rules to implement this subsection.

SECTION 4. Amends Section 313.023, Tax Code, as follows:

Sec. 313.023. New heading: MINIMUM AMOUNTS OF QUALIFIED INVESTMENT AND NUMBER OF NEW QUALIFYING JOBS TO BE CREATED. (a) Creates this subsection from existing text. Makes no further change to this subsection.

(b) Provides that, notwithstanding Section 313.021(2)(A)(iv)(b) (relating to defining "qualified property" to mean land on which, in connection with certain buildings or improvements, the owner or lessee of, or the holder of another possessory interest in, the land proposed to create at least 25 new qualifying jobs), if the property owner makes a qualified investment in an amount equal to at least:

(1) two times the minimum qualified investment for the applicable category of school district but less than three times that amount, the number of new qualifying jobs the property owner is required to create is equal to 75 percent of the number required by that sub-subparagraph;

(2) three times the minimum qualified investment for the applicable category of school district but less than four times that amount, the number of new qualifying jobs the property owner is required to create is equal to 50 percent of the number required by that sub-subparagraph;

(3) four times the minimum qualified investment for the applicable category of school district but less than five times that amount, the number of new qualifying jobs the property owner is required to create is equal to 25 percent of the number required by that sub-subparagraph; and

(4) five times the minimum qualified investment for the applicable category of school district, the property owner is not required to create any new qualifying jobs.

SECTION 5. Amends Section 313.024, Tax Code, by amending Subsections (a), (b), and (d) and adding Subsection (d-2), as follows:

(a) Provides that this subchapter and Subchapter C apply only to property owned by an entity subject to the tax imposed by Chapter 171, rather than providing that this subchapter and Subchapters C and D apply only to property owned by an entity to which Chapter 171 applies.

(b) Requires the entity, to be eligible for a limitation on appraised value under this subchapter, to use the property for, rather than to use the property in connection with:

(1) manufacturing;

(2) research and development;

- (3) a clean coal project, as defined by Section 5.001 (Definitions), Water Code;
- (4) an advanced clean energy project, as defined by Section 382.003 (Definitions), Health and Safety Code;
- (5) renewable energy electric generation;
- (6) electric power generation using integrated gasification combined cycle technology;
- (7) nuclear electric power generation;
- (8) a data center, rather than a computer center primarily used in connection with one or more activities described by Subdivisions (1) through (7) conducted by the entity; or
- (9) a Texas priority project.

Makes nonsubstantive changes.

(d) Requires the property owner, to be eligible for a limitation on appraised value under this subchapter, to create the required number of new qualifying jobs as defined by Section 313.021(3), rather than requiring that at least 80 percent of all the new jobs created by the property owner, to be eligible for a limitation on appraised value under this subchapter, be qualifying jobs as defined by Section 313.021(3).

(d-2) Authorizes the new qualifying jobs created under an agreement between the property owner and another school district may, for purposes of determining whether a property owner has created the number of new qualifying jobs required for eligibility for a limitation on appraised value under this subchapter, to be included in the total number of new qualifying jobs created in connection with the project if the Texas Economic Development and Tourism Office determines that the projects covered by the agreements constitute a single unified project. Authorizes the Texas Economic Development and Tourism Office to adopt rules to implement this subsection.

SECTION 6. Amends Section 313.024(e), Tax Code, by amending Subdivision (6) and adding Subdivision (7), to define "data center," rather than "data computer center," and "Texas priority project," respectively.

SECTION 7. Amends Sections 313.025(a), (a-1), (b), (b-1), (c), (d), (d-1), (e), (f-1), (g), and (i), Tax Code, as follows:

(a) Requires that an application for a certain limitation on a certain appraised value be made on the form prescribed by the comptroller and include the information required by the comptroller, and is required to be accompanied by a certain fee and certain information, including any information required by the comptroller for the purposes of Section 313.026, rather than information relating to each applicable criterion listed in Section 313.026.

(a-1) Requires the school district, within seven days of the receipt of each document, to submit to the comptroller a copy of the application and the proposed agreement between the applicant and the school district. Makes nonsubstantive changes.

(b) Provides that the governing body of a school district is not required to consider an application for a limitation on appraised value, rather than is not required to consider an application for a limitation on appraised value that is filed with the governing body under Subsection (a). Requires the governing body, if the governing body of the school district elects to consider an application, to deliver a copy of the application to the comptroller and request that the comptroller conduct an economic impact evaluation of the investment proposed by the application. Requires the comptroller to conduct or contract with a third person to conduct the economic impact evaluation, which is required to be

completed and provided to the governing body of the school district, along with the comptroller's certificate or written explanation under Subsection (d), as soon as practicable but not later than the 90th day after the date the comptroller receives the application. Requires the governing body to provide to the comptroller or to a third person contracted by the comptroller to conduct the economic impact evaluation any requested information. Requires the governing body to provide a copy of the economic impact evaluation to the applicant on request. Authorizes the comptroller to charge the applicant, rather than 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 not later than the 150th day, rather than before the 151st 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. Deletes existing text requiring the governing body, if the governing body of the school district does elect to consider an application, to deliver three copies of the application to the comptroller and request that the comptroller provide an economic impact evaluation of the application to the school district. Deletes existing text requiring the comptroller, except as provided by Subsection (b-1), to conduct or contract with a third person to conduct the evaluation, which is required to be completed and provided to the governing body of the school district as soon as practicable.

(b-1) Requires the comptroller to promptly deliver a copy of the application to the Texas Education Agency (TEA), rather than requiring the comptroller to indicate on one copy of the application the date the comptroller received the application and deliver that copy to TEA. Requires TEA to determine the effect that the applicant's proposal will have on the number or size of the school district's instructional facilities and submit a written report containing TEA's determination to the school district, rather than requiring TEA to determine 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 Section 313.026(a)(9) (relating to requiring that the economic impact evaluation of the application include the ability of the applicant to locate or relocate in another state or another region of this state), and submit a written report containing TEA's determination to the comptroller. Requires TEA, not later than the 45th day after the date TEA receives the application, to make the required determination and submit TEA's written report to the governing body of the school district, rather than requiring 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 TEA's written report to the comptroller. Deletes existing text providing 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.

(c) Entitles the governing body of the school district, in determining whether to approve an application, rather than in determining whether to grant an application, to request and receive assistance from the comptroller; the Texas Economic Development and Tourism Office, rather than the Texas Department of Economic Development; the Texas Workforce Investment Council; and TWC.

(d) Requires the comptroller, not later than the 90th day after the date the comptroller receives the copy of the application, to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate. Deletes existing text requiring the comptroller, before the 91st 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.

(d-1) Prohibits the governing body of a school district from approving an application unless the comptroller submits to the governing body a certificate for a limitation on appraised value of the property. Deletes existing text authorizing the governing body of a school district to approve an application that the comptroller has recommended should be

disapproved only if the governing body holds a public hearing the sole purpose of which is to consider the application and the comptroller's recommendation, and at a subsequent meeting of the governing body held after the date of the public hearing, at least two-thirds of the members of the governing body vote to approve the application.

(e) Requires the governing body, before approving or disapproving an application under this subchapter that the governing body of the school district elects to consider, to make a written finding as to any criteria considered by the comptroller in conducting the economic impact evaluation under Section 313.026. Deletes existing text requiring the governing body of the school district, before approving or disapproving an application under this subchapter that the governing body elects to consider, to make a written finding as to each criterion listed in Section 313.026.

(f-1) Authorizes the governing body of a school district, notwithstanding any other provision of this chapter, to waive or reduce the new qualifying jobs creation requirement in Section 313.021(2)(A)(iv)(b) or 313.051(b) only if the Texas Workforce Commission (TWC) determines 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 and recommends waiving or reducing the requirement, rather than authorizing the governing body of a school district, 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 the governing body 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. Authorizes the governing body of a school district to request that TWC provide a recommendation as to whether the new qualifying jobs creation requirement should be reduced or waived and, if reduced, the number of new qualifying jobs that should be required to be created. Requires TWC, if TWC receives a request from the governing body of a school district under this subsection, not later than the 60th day after the date of receipt of the request to submit to the governing body a recommendation as to whether the new qualifying jobs creation requirement should be reduced or waived and, if reduced, the number of new qualifying jobs that should be required to be created.

(g) Authorizes the Texas Economic Development and Tourism Office or its successor to recommend that a school district approve an application under this chapter, rather than authorizing the Texas Department of Economic Development or its successor to recommend that a school district grant a person a limitation on appraised value under this chapter. Requires the governing body of the school district, in determining whether to approve an application, to consider any recommendation made by the Texas Economic Development and Tourism Office or its successor, rather than requiring the governing body of the school district, in determining whether to grant an application, to consider any recommendation made by the Texas Department of Economic Development or its successor.

(i) Provides that, if the comptroller's determination under Subsection (h) (relating to requiring the comptroller, after receiving a copy of the application, to determine whether the property meets certain requirements) that the property does not meet the requirements of Section 313.024 (Eligible Property) for eligibility for a limitation on appraised value under this subchapter becomes final, the comptroller is not required to provide an economic impact evaluation of the application or to submit a certificate for a limitation on appraised value of the property or a written explanation of the decision not to issue a certificate, rather than to submit a recommendation to the school district as to whether the application should be approved or disapproved, and the governing body of the school district is prohibited from granting the application.

SECTION 8. Amends Section 313.026, Tax Code, as follows:

Sec. 313.026. ECONOMIC IMPACT EVALUATION. (a) Requires that the economic impact evaluation of the application include any information the comptroller determines is necessary or helpful to the governing body of the school district in determining whether to approve the application under Section 313.025 (Application; Action on Application) or the comptroller in determining whether to issue a certificate for a limitation on appraised value of the property under Section 313.025. Deletes existing text enumerating specific required information to be included in the economic impact evaluation of the application.

(b) Requires that the comptroller's determination whether to issue a certificate for a limitation on appraised value under this chapter for property described in the application, except as provided by Subsections (c) and (d), be based on the economic impact evaluation described by Subsection (a) and on any other information available to the comptroller, including information provided by the governing body of the school district. Deletes existing text requiring that the comptroller's recommendations be based on the criteria listed in Subsections (a)(5)-(20) (relating to certain information the economic impact evaluation of the application is required to include) 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) Prohibits the comptroller from issuing a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that:

(1) the project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement; and

(2) the limitation on appraised value is a significant consideration by the applicant in determining whether to invest capital and construct the project in this state.

(d) Requires the comptroller to state in writing the basis for the determinations made under Subsections (c)(1) and (2).

(e) Authorizes the comptroller, notwithstanding Subsections (c) and (d), if the comptroller makes a qualitative determination that other considerations associated with the project result in a net positive benefit to the state, to issue the certificate.

SECTION 9. Amends Section 313.0265(b), Tax Code, as follows:

(b) Requires the comptroller to designate the following as substantive:

(1) each application requesting a limitation on appraised value; and

(2) the economic impact evaluation made in connection with the application.

Deletes existing text requiring the comptroller to designate each application requesting school tax credits under Section 313.103 as substantive.

SECTION 10. Amends Sections 313.027(a), (f), (h), and (i), Tax Code, as follows:

(a) Prohibits the appraised value for school district maintenance and operations ad valorem tax purposes of the person's qualified property as described in the agreement

between the person and the district entered into under this section in the school district, if the person's application is approved by the governing body of the school district, for each of the first 10, rather than eight, tax years that begin after the applicable qualifying time period, from exceeding the lesser of the market value of the property; or subject to Subsection (b) (relating to requiring that the amount agreed to by a certain governing body of a school district meet certain criteria), the amount agreed to by the governing body of the school district.

(f) Provides that, in addition, the agreement meets certain criteria, including that the agreement is required to be in a form approved by the comptroller.

(h) Prohibits the agreement from providing for the deferral of the date on which the qualifying time period is to commence to a date later than January 1 of the sixth tax year beginning after the date the application is approved.

(i) Prohibits a person and the school district from entering into an agreement under which the person agrees to provide supplemental payments to a school district or to an entity that exists primarily to provide financial or material support to a school district in an amount that exceeds an amount equal to the greater of \$100 per student per year in average daily attendance, as defined by Section 42.005, Education Code, or \$50,000 per year, or for a period of more than 14 years, rather than to provide supplemental payments to a school district in an amount that exceeds an amount equal to \$100 per student per year in average daily attendance, as defined by Section 42.005, Education Code, or for a period that exceeds the period beginning with the period describe by Section 313.021(4) (defining "qualifying time period") and ending with the period described by Section 313.104(2)(B) (relating to requiring the governing body of the school district, before granting the application for a tax credit, if the person's application is approved, by order or resolution to direct the collector of taxes for the school district, within a certain time period, to credit against certain taxes imposed) of this code. Provides that this subsection applies only to an agreement entered into in anticipation of or in consideration for a school district's approval of an application for a limitation on appraised value under this subchapter. Provides that this subsection does not apply to a payment under Subsection (f)(1) (relating to requiring that the agreement, in addition, incorporate certain provisions) or (2) (relating to authorizing the agreement, in addition, to provide that the property owner will protect the school district under certain circumstances). Deletes existing text providing that this limit does not apply to amounts described by Subsection (f)(1) or (2) of this section.

SECTION 11. Amends Section 313.0275, Tax Code, by adding Subsection (d), to authorize a person, in the event of a casualty loss that prevents the person from complying with Subsection (a) (relating to requiring a person with whom a school district enters into an agreement under this subchapter, notwithstanding any other provision of this chapter to the contrary, to make the minimum amount of qualified investment during the qualifying time period and create the required number of qualifying jobs during each year of the agreement), to request, and to authorize the comptroller to grant a waiver of the penalty imposed under Subsection (b) (relating to providing that the property owner, if in any tax year a property owner fails to comply with Subsection (a), is liable to this state for a certain penalty).

SECTION 12. Amends Section 313.031, Tax Code, as follows:

Sec. 313.031. RULES AND FORMS; FEES. (a) Requires the comptroller to:

(1) adopt rules and forms necessary for the implementation and administration of this chapter, including rules for determining whether a property owner's property qualifies as a qualified investment under Section 313.021(1); and

(2) provide without charge one copy of the rules and forms to any school district and to any person who states that the person intends to apply for a

limitation on appraised value under this subchapter, rather than under this subchapter or a tax credit under Subchapter D.

(a-1) Authorizes the comptroller by official action to establish reasonable nonrefundable fees to be paid by property owners who apply to a school district for a limitation on the value of the person's property under this subchapter. Requires that the amount of a fee be reasonable and prohibits the amount from exceeding the estimated cost to the comptroller of performing the comptroller's duties under this chapter.

(b) Requires the governing body of a school district by official action to establish reasonable nonrefundable application fees to be paid by property owners who apply to the district for a limitation on the appraised value of the person's property under this subchapter. Requires that the amount of an application fee be reasonable and prohibits the amount from exceeding the estimated cost to the district of processing and acting on an application, including any cost to the school district associated with the economic impact evaluation required by Section 313.025, rather than including the cost of the economic impact evaluation required by Sections 313.025 and 313.026.

SECTION 13. Amends Section 313.032, Tax Code, by amending Subsections (a) and (c) and adding Subsections (b-1) and (d), as follows:

(a) Requires the comptroller, before the beginning of each regular session of the legislature, to submit to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature a report on the agreements entered into under this chapter that includes:

(1) an assessment of the following with regard to the agreements entered into under this chapter, considered in the aggregate:

(A) the total number of jobs created, direct and otherwise, in this state;

(B) the total effect on personal income, direct and otherwise, in this state;

(C) the total amount of investment in this state;

(D) the total taxable value of property on the tax rolls in this state, including property for which the limitation period has expired;

(E) the total value of property not on the tax rolls in this state as a result of agreements entered into under this chapter; and

(F) the total fiscal effect on the state and local governments; and

(2) an assessment of the progress of each agreement made under this chapter that states for each agreement:

(A) the number of qualifying jobs each recipient of a limitation on appraised value committed to create;

(B) the number of qualifying jobs each recipient created;

(C) the total amount of wages and the median wage of the new qualifying jobs each recipient created;

(D) the amount of the qualified investment each recipient committed to spend or allocate for each project;

(E) the amount of the qualified investment each recipient spent or allocated for each project;

(F) the market value of the qualified property of each recipient as determined by the applicable chief appraiser, including property that is no longer eligible for a limitation on appraised value under the agreement;

(G) the limitation on appraised value for the qualified property of each recipient;

(H) the dollar amount of the taxes that would have been imposed on the qualified property if the property had not received a limitation on appraised value; and

(I) the dollar amount of the taxes imposed on the qualified property.

Deletes existing text requiring the comptroller, before the beginning of each regular session of the legislature, to submit to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature a report assessing the progress of each agreement made under this chapter. Deletes existing text requiring that the report be based on certain data certified to the comptroller by each recipient of a limitation on appraised value under this subchapter and state for each agreement, including the number of new jobs created by each recipient in each sector of the North American Industry Classification System and of the number of new jobs each recipient created, the number of jobs created that provide health benefits for employees.

(b-1) Authorizes the comptroller, in preparing the portion of the report described by Subsection (a)(1), to use standard economic estimation techniques, including economic multipliers.

(c) Requires that the portion of the report described by Subsection (a)(2) be based on data certified to the comptroller by each recipient or former recipient of a limitation on appraised value under this chapter.

(d) Authorizes the comptroller to require a recipient or former recipient of a limitation on appraised value under this chapter to submit, on a form the comptroller provides, information required to complete the report.

SECTION 14. Amends the heading to Subchapter C, Chapter 313, Tax Code, to read as follows:

SUBCHAPTER C. LIMITATION ON APPRAISED VALUE OF PROPERTY IN STRATEGIC INVESTMENT AREA OR CERTAIN RURAL SCHOOL DISTRICTS

SECTION 15. Amends Section 313.051, Tax Code, as follows:

Sec. 313.051. **APPLICABILITY.** (a) Defines "strategic investment area" in this section.

(a-1) Provides that this subchapter applies only to a school district that has territory in an area that qualifies as a strategic investment area; or a county that has a population of less than 50,000 and in which, from 2000 to 2010, according to the federal decennial census, the population remained the same, decreased, or increased, but at a rate of not more than the average rate of increase in the state during that period, rather than providing 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 [repealed], Chapter 171, immediately before that subchapter expired; or a county that has a population of less than 50,000, and in which, from 1990 to 2000, according to the federal decennial census, the population remained the same, decreased, or increased, but at a rate of not more than three percent per annum.

(a-2) Redesignates existing Subsection (a-1) as Subsection (a-2). Provides that, notwithstanding Subsection (a-1), rather than Subsection (a), if on January 1, 2002, this subchapter applied to a school district in whose territory is located a federal nuclear facility, this subchapter continues to apply to the school district regardless of whether the school district ceased or ceases to be described by Subsection (a-1) after that date. Makes a conforming change.

(a-3) Requires the comptroller, not later than September 1 of each year, to determine areas that qualify as a strategic investment area using the most recently completed full calendar year data available on that date and, not later than October 1, to publish a list and map of the designated areas. Provides that a determination under this subsection is effective for the following tax year for purposes of this subchapter.

(b) Provides that, for purposes of this subchapter, a property owner is required to create at least 10 new qualifying jobs as defined by Section 313.021(3) on the owner's qualified property, rather than a property owner is required to create only at least 10 new jobs on the owner's qualified property. Provides that Section 313.023(b) does not apply to a school district to which this subchapter applies. Deletes existing text requiring that at least 80 percent of all the new jobs created be qualifying jobs as defined by Section 313.021(3), except that, for a school district described by Subsection (a)(2), each qualifying job is required 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 16. Amends the heading to Subchapter E, Chapter 313, Tax Code, to read as follows:

**SUBCHAPTER E. AVAILABILITY OF TAX CREDIT AFTER PROGRAM
EXPIRES OR IS REPEALED**

SECTION 17. Amends Section 313.171(b), Tax Code, to provide that the repeal, rather than expiration, of Subchapter D does not affect a property owner's entitlement to a tax credit granted under Subchapter D if the property owner qualified for the tax credit before the repeal of Subchapter D, and to make a conforming change.

SECTION 18. Amends Section 311.014, Tax Code, by adding Subsection (f), to authorize money in the tax increment fund for a reinvestment zone to be transferred to the tax increment fund for an adjacent zone if the taxing units that participate in the zone from which the money is to be transferred participate in the adjacent zone and vice versa; each participating taxing unit has agreed to deposit the same portion of its tax increment in the fund for each zone; each participating taxing unit has agreed to the transfer; and the holders of any tax increment bonds or notes issued for the zone from which the money is to be transferred have agreed to the transfer.

SECTION 19. Amends Section 42.2515(a), Education Code, to entitle a school district, for each school year, including a school district that is otherwise ineligible for state aid under this chapter, to state aid in an amount equal to the amount of all tax credits credited against ad valorem taxes of the district in that year under former Subchapter D, Chapter 313, Tax Code.

SECTION 20. Amends Section 42.302(e), Education Code, to provide that, for purposes of this section, school district taxes for which credit is granted under former Subchapter D, Chapter 313, Tax Code, are considered taxes collected by the school district as if the taxes were paid when the credit for the taxes was granted.

SECTION 21. Repealers: Sections 313.008 (Report on Compliance with Energy-Related Agreements), 313.009 (Report on Compliance With Agreements), and 313.021(5) (defining "county average weekly wage for manufacturing jobs"), Tax Code; and

Repealer: Subchapter D (School Tax Credits), Chapter 313, Tax Code.

SECTION 22. (a) Provides that, except as provided by Subsection (b) of this section, Chapter 313, Tax Code, as amended by this Act, applies only to an application filed under that chapter on or after the effective date of this Act. Provides that an application filed under that chapter before the effective date of this Act is governed by the law in effect on the date the application was filed, and the former law is continued in effect for that purpose.

(b) Provides that an agreement entered into on or after January 1, 2013, pursuant to an application filed under Chapter 313, Tax Code, before the effective date of this Act may condition eligibility for a limitation on appraised value under Subchapter B or C of that chapter, as applicable, on compliance with the provisions of that chapter, as amended by this Act, relating to the creation of new qualifying jobs, including Section 313.021(3), Tax Code, and Section 313.024(d) or 313.051(b), Tax Code, as applicable.

SECTION 23. Requires the comptroller to make the initial determination under Section 313.051(a-3), Tax Code, as added by this Act, not later than September 1, 2014, and to publish the initial list and map required by that subsection not later than October 1, 2014.

SECTION 24. Effective date: January 1, 2014.