

## **BILL ANALYSIS**

Senate Research Center  
87R111979 SMH-D

S.B. 1255  
By: Birdwell  
Natural Resources & Economic Development  
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As Filed

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

Texas's largest economic development program was created by H.B. 1200 in 2001. The bill added Chapter 313 to the Texas Tax Code and named it the Texas Economic Development Act. Most people refer to the program simply as "Chapter 313."

Chapter 313 allows school districts to offer an entity that plans to build certain kinds of projects a ten-year appraisal limitation on the maintenance and operations portion of its school district property tax. An appraisal limitation means that the entity will only pay property taxes on the value of its property up to the appraisal limitation, as opposed to paying tax on the full market value of the property. The Comptroller of Public Accounts of the State of Texas (comptroller) must review the applications of all Chapter 313 agreements, and the projects must meet two main criteria: within 25 years, the project proposed must be reasonably likely to generate enough tax revenue to offset the property tax revenue lost as a result of the agreement; and the agreement must be a determining factor in the applicant's decision to invest capital and build the project in Texas.

Chapter 313 was last renewed in 2013 through H.B. 3390 and is set to expire again on December 31, 2022. S.B. 1255 extends the program through 2032.

S.B. 1255 removes "renewable energy electric generation" from the list of projects eligible for an appraisal limitation.

S.B. 1255 improves public notice requirements by adding specificity to the "Contents of Notice" and adds "Additional Required Notification Time." The bill requires the notice to be provided at least 30 days before the meeting.

Currently there is no limit on the application fee amount that a governing body of a school board may charge an applicant. The bill limits the amount of an application fee to not exceed the lesser of: the estimated cost to the district of processing and acting on an application, including any cost associated with the economic impact evaluation; or \$50,000.

S.B. 1255 also streamlines the comptroller's ability to develop and provide forms, gets rid of outdated definitions, cleans up burdensome reporting requirements after the agreement has expired, and removes the posting requirement for all substantive documents received after the effective date of the bill, and instead has the comptroller create and maintain agreement information in a searchable database on its website.

As proposed, S.B. 1255 amends current law relating to the Texas Economic Development Act.

### **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) and C (Limitation on Appraised Value

of Property in Strategic Investment Area or Certain Rural School Districts) expire on December 31, 2032, rather than 2022.

SECTION 2. Amends Section 313.021(5), Tax Code, to redefine "county average weekly wage for manufacturing jobs" for purposes of Subchapter B.

SECTION 3. Amends Section 313.024(b), Tax Code, to delete existing text including renewable energy electric generation among the projects for which an entity is required to use certain property, in order to be eligible for a limitation on appraised value under Subchapter B. Makes nonsubstantive changes.

SECTION 4. Amends Section 313.025, Tax Code, by amending Subsection (a-1) and adding Subsections (e-1), (e-2), and (e-3), as follows:

(a-1) Deletes existing text relating to the required duties of the school district and the Comptroller of Public Accounts of the State of Texas (comptroller) in regards to posting certain information on their Internet websites.

(e-1) Requires the governing body of a school district to approve or disapprove an application under Subchapter that the governing body elects to consider at a regularly scheduled meeting of the governing body.

(e-2) Requires that the public notice of a meeting at which the governing body of a school district will consider approving an application under this subchapter that the governing body elects to consider, in addition to any other requirement of law, contain:

(1) the name of the property owner and the name of the applicant;

(2) the name and location of the reinvestment zone in which the qualified property is located;

(3) a general description of the qualified investment the applicant will make on or in connection with the applicant's qualified property; and

(4) the estimated amount of the qualified investment the applicant will spend or allocate for the project.

(e-3) Requires that the notice of a meeting required by Section 313.025 (Application; Action on Application) be given in the manner required by Chapter 551 (Open Meetings), Government Code, except that the notice must be provided at least 30 days before the scheduled time of the meeting.

SECTION 5. Amends Section 313.0265, Tax Code, as follows:

Sec. 313.0265. New heading: DATABASE OF APPRAISED VALUE LIMITATION INFORMATION. (a) Requires the comptroller to create and maintain on the comptroller's Internet website a searchable database consisting of each document or item of information received or created by the comptroller pertaining to each application requesting a limitation on appraised value. Provides that this subsection does not require the comptroller to include in the database information that is confidential under Section 313.028 (Certain Business Information Confidential). Deletes existing text relating to the period during which the document or item of information is required to continue to be posted and deletes existing text requiring the comptroller to designate certain application information as substantive and the date by which the comptroller is required to certain application information as substantive.

(b) Redesignates existing Subsection (c) as Subsection (b). Provides that if a school district maintains a generally accessible Internet website, the district is required to maintain a link on its Internet website to the area of the comptroller's Internet website where the database, rather than information on each of the district's agreements to limit appraised value, is maintained. Deletes existing text

requiring the comptroller to designate certain information as substantive. Makes a nonsubstantive change.

SECTION 6. Amends Section 313.031, Tax Code, by adding Subsection (a-1) and amending Subsection (b), as follows:

(a-1) Provides that the comptroller is not required to adopt forms under Subsection (a) (relating to certain required duties of the comptroller) by rule.

(b) Requires that the amount of an application fee be reasonable and prohibits the amount from exceeding the lesser of 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 or \$50,000. Makes nonsubstantive changes.

SECTION 7. Amends Section 313.032, Tax Code, by adding Subsection (e), as follows:

(e) Provides that, notwithstanding Subsection (d) (relating to the comptroller's authority to require a recipient or former recipient of a certain limitation on appraised value to submit certain information on a required report), a former recipient is not required to submit to the comptroller information pertaining to an ad valorem tax year following the final ad valorem tax year covered by the agreement, except that the former recipient is required to submit to the comptroller:

(1) the market value of the qualified property of the former recipient as determined by the applicable chief appraiser for each year in which the owner is required to maintain a viable presence in the school district as provided by Section 313.027(f)(3) (relating to the requirement that the property owner maintain a presence in the school district for a certain period after the limitation on appraised value of the owner's property expires); and

(2) any other information required by the comptroller.

SECTION 8. Repealer: Section 313.024(e)(2) (relating to the definition of "renewable energy electric generation"), Tax Code.

SECTION 9. Makes application of this Act prospective.

SECTION 10. Effective date: September 1, 2021.