

SUBJECT: Eligibility of data center property for tax limitation

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 4 ayes — Deshotel, Morrison, Ortiz, Veasey
0 nays
3 absent — Straus, Kolthorst, Dunnam

SENATE VOTE: On final passage, May 2 — 29-1 (Ogden)

WITNESSES: No public hearing.

BACKGROUND: Tax Code, sec. 313.024 allows school districts to negotiate limitations on the appraised value of property for maintenance and operations (M&O) property taxation with qualifying corporations or limited liability companies that would use the property for manufacturing, research and development, clean coal projects, coal gasification projects, or renewable energy electric generation.

DIGEST: SB 1105 would amend Tax Code, sec. 313.024 to include under the list of projects eligible for limitations on appraised value under the subchapter, corporations or limited liability companies that used property in connection with a data center. A data center would be an establishment primarily engaged in providing electronic data processing and storage.

Sec. 313.007, which created an expiration date for the use of the property value limitation, would be repealed.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

SUPPORTERS SAY: SB 1105 would offer an incentive to have companies locate desirable high-tech jobs in Texas. Data centers could provide an important source of high-paying jobs. With the growth of the technology industry, there is an increasing demand for more electronic data services. This bill would

function as an inducement to companies to produce a growing source of high-paying jobs in Texas. Furthermore, the presence of these high-paying technical jobs encourages Texas students to study math and science to enter these lucrative technical fields. The bill simply would add to provisions that already are in use throughout Texas, but this addition could bring jobs that foster and promote education and job growth.

**OPPONENTS
SAY:**

SB 1105 would allow some areas to waive almost all school district property taxes for certain new businesses, exempting millions of dollars worth of new property from school taxes. The loss of this type of revenue could be detrimental to some school districts.