

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1647
By: Deuell
Economic Development
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Committee Report (Substituted)

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 half of the property taxes paid in the state, could not. The legislature passed the Texas Economic Development Act, codified as Chapter 313 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.

C.S.S.B. 1647 amends current law relating to the Texas Economic Development Act.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the comptroller of public accounts of the State of Texas is modified in SECTION 6 (Section 313.017, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 313.002 and 313.004, 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 some kind of temporary limit on 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 manufacturer industry, and the continued growth and overall health of the manufacturing sector serves the Texas economy well; and
- (4) without a vibrant, strong manufacturing sector, other sectors of the economy, especially the state's service sector, will also suffer adverse consequences.

Deletes existing Subdivision (5) providing that the legislature finds that the current property tax system of this state does not favor capital-intensive businesses such as manufacturers. Makes nonsubstantive changes.

Sec. 313.004. LEGISLATIVE INTENT. Provides that it is the intent of the legislature in enacting this chapter (Texas Economic Development Act) that:

(1) economic development decisions should occur at the local level and 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 or financial benefit provided by this chapter;

(B) 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 franchise tax imposed by Chapter 171 (Franchise Tax) because of its form of business to receive an ad valorem tax benefit or financial 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; and

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

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

(B) approve only those applications for an ad valorem tax benefit or financial benefit provided by this chapter that:

(i) enhance the local community;

(ii) improve the local public education system;

(iii) create high-paying jobs; and

(iv) advance the economic development goals of this state as identified by the Texas Strategic Economic Development Planning Commission or its successor.

SECTION 2. Transfers Section 313.021, Tax Code, to Subchapter A, Chapter 313, Tax Code, redesignates it as Section 313.0045, Tax Code, and amends it as follows:

Sec. 313.0045. DEFINITIONS. (a) Creates this subsection from existing text. Redefines "qualified investment," "qualifying job," "qualifying time period," and "county average weekly wage for manufacturing jobs" and defines "Texas priority project" in this chapter, rather than in this subchapter (Limitation on Appraised Value of Certain Property Used to Create Jobs).

(b) Provides that unless this chapter defines a word or phrase used in this chapter, Section 1.04 (Definitions) or any other section of Title 1 (Property Tax Code) or this title (Local Taxation) that defines the word or phrase or ascribes a meaning to the word or phrase applies to the word or phrase used in this chapter.

SECTION 3. Amends Section 313.006(a), Tax Code, to redefine "impact fee" in this section (Imposition of Impact Fee).

SECTION 4. Amends Section 313.007, Tax Code, to provide that Subchapters A-1, B, and C (Limitation on Appraised Value of Property in Certain Rural School Districts) expire December

31, 2020, rather than provides that Subchapters B, C, and D (School Tax Credits) expire December 31, 2014.

SECTION 5. Amends Chapter 313, Tax Code, by adding Subchapter A-1, and adding a heading to that subchapter to read as follows:

SUBCHAPTER A-1. ELIGIBILITY, APPLICATION, AND REPORTING

SECTION 6. Transfers Sections 313.024, 313.025, 313.026, 313.0265, 313.027, 313.0275, 313.028, 313.030, 313.031, and 313.032, Tax Code, to Subchapter A-1, Chapter 313, Tax Code, as added by this Act, redesignates them as Sections 313.011, 313.012, 313.013, 313.0135, 313.014, 313.0145, 313.015, 313.016, 313.017, and 313.018, Tax Code, and amends them as follows:

Sec. 313.011. **ELIGIBLE PROPERTY.** Redesignates existing Section 313.024 as Section 313.011. (a) Provides that this chapter applies, rather than 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 chapter, to use the property in connection with certain activities, including a Texas priority project. Makes conforming changes.

(c) Provides that, for purposes of determining an applicant's eligibility for a limitation under this chapter:

(1) the land on which a building or component of a building described by Section 313.0045(a)(1)(E) (defining "qualified investment" as a certain tangible personal property), rather than Section 313.021(1)(E) (defining "qualified investment" as a certain tangible personal property), is located is not considered a qualified investment;

(2) property that is leased under a capitalized lease may be considered a qualified investment;

(3) property that is leased under an operating lease may not be considered a qualified investment; and

(4) property that is owned by a person other than the applicant and that is pooled or proposed to be pooled with property owned by the applicant may not be included in determining the amount of the applicant's qualifying investment.

Makes a conforming change.

(d) Requires 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 chapter be qualifying jobs, rather than be qualifying jobs as defined by Section 313.021(3) (defining "qualifying job"). Makes a conforming change.

(e) Makes no change to this subsection.

Sec. 313.012. **APPLICATION; ACTION ON APPLICATION.** Redesignates existing Section 313.025 as Section 313.012. (a) Authorizes the owner or lessee of, or the holder of another possessory interest in, any qualified property, rather than any qualified property described by Section 313.021(2)(A) (defining "qualified property" as certain land), (B) (defining "qualified property" as a certain new building or other new improvement), or (C) (defining "qualified property" as a certain 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. Requires that an application be made on the form prescribed by the comptroller of public accounts of the state of Texas (comptroller) and include the information required by the comptroller, and be accompanied by:

(1) the application fee established by the governing body of the school district;

(2) information sufficient to show that the real and personal property identified in the application as qualified property meets the applicable criteria established by Section 313.0045(a)(2), rather than established by Section 313.021(2) (defining "qualified property"); and

(3) information relating to each applicable criterion listed in Section 313.013, rather than Section 313.026.

(a-1) Provides that this subsection does not require the comptroller to post information that is confidential under Section 313.015, rather than Section 313.028.

(b) Makes no change to this subsection.

(b-1) Requires the Texas Education Agency (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 313.013(a)(11), rather than by Section 313.026(a)(9) (relating to requiring that the economic impact evaluation of the application to 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.

(c) Entitles the governing body of the school district, in determining whether to grant an application, to request and receive assistance from certain entities, including the Texas Economic Development and Tourism Office, rather than the Texas Department of Economic Development.

(d) Authorizes the comptroller to recommend to the governing body of the school district that the application be approved only if the comptroller determines that 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-1) Makes no change to this subsection.

(e) Makes conforming changes.

(f) Makes no change to this subsection.

(f-1) Authorizes the governing body of a school district, notwithstanding any other provision of this chapter to the contrary, including Section 313.003(2) (relating to providing that one of the purposes of this chapter is to create new, high-paying jobs in this state) or 313.004(3)(A) or (B)(iii), to waive the new jobs creation requirement in Section 313.0045(a)(2)(A)(iv)(b) (defining "qualified property" as land on which, in connection with a certain new building or improvement, the owner or lessee of, or the holder of another possessory interest in, the land proposes to create at least 25 new jobs), rather than in Section 313.021(2)(A)(iv)(b) or 313.051(b) (relating to authorizing the governing body of a school district to which this subchapter applies to enter into a certain agreement) 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.

(g) Makes conforming changes.

(h) Requires the comptroller, after receiving a copy of the application, to determine whether the property meets the requirements of Section 313.011, rather than Section 313.024, for eligibility for a limitation on appraised value under this chapter, rather than this subchapter.

(i) Provides that, if the comptroller's determination under Subsection (h) that the property does not meet the requirements of Section 313.011, rather than Section 313.024, for eligibility for a limitation on appraised value under this chapter, rather than this subchapter, becomes final, the comptroller is not required to provide an economic impact evaluation of the application or 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.

Sec. 313.013. ECONOMIC IMPACT EVALUATION. Redesignates existing Section 313.026 as Section 313.013. (a) Requires that the economic impact evaluation of the application include the following:

(1) the recommendations of the comptroller;

(2) the name of the school district;

(3) the name of the applicant;

(4) a description of the general nature of the applicant's investment;

(5) the amount of the applicant's intended investment, rather than the relative level of the applicant's investment per qualifying job to be created by the applicant;

(6) the number of qualifying, construction, and operations jobs to be created by the applicant;

(7) the wages, salaries, and benefits to be offered by the applicant to qualifying, construction, and operations job holders;

(8) the ability of the applicant to locate or relocate in another state or another region of this state;

(9) the fiscal impact the project will have on this state and individual local units of government, including:

(A) tax and other revenue gains, direct and otherwise, that would be realized during the construction and operation of the facility, including the limitation period and a period of time after the limitation period considered appropriate by the comptroller, rather than tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and

(B) economic effects of the project, including the impact on jobs and income, direct and otherwise, during the construction and operation of the facility, including the limitation period and a period of time after the limitation period considered appropriate by

the comptroller, rather than during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;

(10) the economic condition of the region of the state at the time the person's application is being considered;

(11) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code; and

(12) the projected market value of the qualified property of the applicant as determined by the comptroller;

(13) the proposed limitation on appraised value for the qualified property of the applicant;

(14) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;

(15) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;

(16) the projected effect on the Foundation School Program of payments to the district for each year of the agreement; and

(17) and the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (15), rather than Subdivision (17) (relating to requiring that the economic impact evaluation of the application include the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appreciated value with assumptions of the projected appreciation or depreciation of the investment clearly stated), from the projected taxes stated in Subdivision (14), rather than Subdivision (16) (relating to requiring that the economic impact evaluation of the application include the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated). Makes nonsubstantive changes.

Deletes existing text requiring that the economic impact evaluation of the application include the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033 (Sunset Provision), Government Code, as that section existed before February 1, 1999; the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter; and the projected future tax credits if the applicant also applies for school tax credits under Section 313.103.

(b) Requires that the comptroller's recommendations be based on the criteria listed in Subsection (a), rather than be based on the criteria listed in Subsections (a)(5)-(20), and on any other information available to the comptroller, including information provided by the governing body of the school district under Section 313.012(b). Makes a conforming change.

Sec. 313.0135. DISCLOSURE OF APPRAISED VALUE LIMITATION INFORMATION. Redesignates existing Section 313.0265 as 313.0135. (a) Makes no change to this subsection.

(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 Subdivision (3) requiring the comptroller to designate each application requesting school tax credits under Section 313.103 as substantive. Makes nonsubstantive changes.

(c) Makes no change to this subsection.

Sec. 313.014. LIMITATION ON APPRAISED VALUE; AGREEMENT. Redesignates existing Section 313.027 as Section 313.014. (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, rather than, if the person's application is approved by the governing body of the school district, for each of the first eight tax years that begin after the applicable qualifying time period, from exceeding the lesser of:

- (1) the market value of the property; or
- (2) the amount agreed to by the governing body of the school district under Subchapter B or C, as applicable, rather than subject to Subsection (b).

(b) Requires that the agreement:

- (1) provide that the limitation under Subsection (a) applies for a period of 10 years; and
- (2) specify the beginning date of the limitation, which is required to be January 1 of the first tax year that begins after:
 - (A) the application date;
 - (B) the qualifying time period; or
 - (C) the date commercial operations begin at the site of the project.

Deletes existing text requiring that the amount agreed to by the governing body of a school district under Subsection (a)(2) be an amount in accordance with a certain minimum amount of limitation table, according to the category established by Section 313.022 (Applicability; Categorization of School Districts) to which the school district belongs.

(c) Provides that the limitation amounts prescribed under Subchapter B or C, as applicable, rather than the limitation amounts listed in Subsection (b), are

minimum amounts. Authorizes a school district, regardless of category, to agree to a greater amount than those amounts.

(d)-(e)

(f) Provides that, in addition, the agreement, among other criteria, is required to require the property owner to maintain a viable presence in the school district for at least five years, rather than at least three years, after the date the limitation on appraised value of the owner's property expires. Makes a conforming change.

(g) Makes no change to this subsection.

(h) Authorizes the agreement between the governing body of the school district and the applicant to provide for a deferral of the date on which the qualifying time period for the project is to commence or, subsequent to the date the agreement is entered into, be amended to provide for such a deferral. Prohibits the agreement from providing for the deferral of the date on which the qualifying time period is to commence to a date alter than January 1 of the fourth tax year that begins after the date the application is approved except that if the agreement is one of a series of agreements related to the same project, the agreement is authorized to provide for the deferral of the date on which the qualifying time period is to commence to a date not later than January 1 of the sixth tax year that begins after the date the application is approved. Prohibits this subsection from being construed to permit a qualifying time period that has commenced to continue for more than the number of years applicable to the project under Section 313.0045(a)(4), rather than 313.021(4).

(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 any other entity on behalf of 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 (Average Daily Attendance), Education Code, or for a period that exceeds the period beginning with the period described by Section 313.0045(a)(4) (defining "qualifying time period") and ending December 31 of the third tax year after the date the person's eligibility for a limitation under this chapter expires, rather than ending with the period described by Section 313.104(2)(B) of this code. Provides that this limit does not apply to amounts described by Subsection (f)(1) or (2), rather than described by Subsection (f)(1) or (2) of this section. Makes conforming changes.

(j) Requires that an agreement under this chapter disclose any consideration promised in conjunction with the application and the limitation.

Sec. 313.0145. RECAPTURE OF AD VALOREM TAX REVENUE LOST. Redesignates existing Section 313.0275 as Section 313.0145. (a) Requires a person with whom a school district enters into an agreement under this chapter, notwithstanding any other provision of this chapter to the contrary, to make the minimum amount of qualified investment, rather than 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. Makes a conforming change.

(b)-(c) Makes no change to these subsections.

(d) Authorizes a person with whom a school district enters into an agreement under this chapter, in the event of a casualty loss, to request and authorizes the school district to grant a waiver of the requirements of this section.

Sec. 313.015. CERTAIN BUSINESS INFORMATION CONFIDENTIAL. Redesignates existing Section 313.028 as Section 313.015. Makes conforming changes.

Sec. 313.016. PROPERTY NOT ELIGIBLE FOR TAX ABATEMENT. Redesignates existing Section 313.030 as Section 313.016. Makes conforming changes.

Sec. 313.017. RULES AND FORMS; FEES. Redesignates existing Section 313.031 as Section 313.017. (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 313.0045(a)(1), rather than 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 chapter, rather than under this subchapter or a tax credit under Subchapter D.

Makes conforming changes.

(b) Makes a conforming change. Requires that the amount of an application fee be reasonable, and prohibits the amount of the application fee from exceeding the estimated cost to the district of processing and acting on an application, including the cost of the economic impact evaluation required by Sections 313.012 and 313.013, rather than required by Sections 313.025 and 313.026.

Sec. 313.018. REPORT ON COMPLIANCE WITH AGREEMENTS. Redesignates existing Section 313.032 as Section 313.018. (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 effect, direct and otherwise, on the total amount of investment in this state;

(D) the effect, direct and otherwise, on 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 agreement entered into under this chapter; and

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

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

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

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

(C) the total amount of wages, rather than the median wage, of the new 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 investment, rather than 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 for which the limitation period has expired;

(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 that the report be based on data certified to the comptroller by each recipient of a limitation on appraised value under this subchapter and state for each agreement: 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. Makes conforming and nonsubstantive changes.

(b) Makes no change to this subsection.

(b-1) Authorizes the comptroller, in preparing the assessment required under 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 of a limitation on appraised value under this chapter. Authorizes the comptroller to require a recipient to submit, on a form the comptroller provides, information required to prepare the portion of the report described by that subdivision, rather than information required to complete the report.

SECTION 7. Amends the heading to Subchapter B, Chapter 313, Tax Code, to read as follows:

SUBCHAPTER B. GENERAL LIMITATION ON APPRAISED VALUE OF CERTAIN PROPERTY USED TO CREATE JOBS

SECTION 8. Amends Section 313.022(b), Tax Code, as follows:

(b) Provides that, for purposes of determining the required minimum amount of a qualified investment under Section 313.0045(a)(2)(A)(iv)(a) (defining "qualified property" as land on which, in connection with a certain new building or improvement, the owner or lessee of, or the holder of another possessory interest in, the land proposes to make a qualified investment in an amount equal to at least a certain minimum amount), rather than under Section 313.021(2)(A)(iv)(a) (defining "qualified property" as land on which, in connection with a certain new building or new improvement, the owner or lessee of, or the holder of another possessory interest in, the land proposes to make a

qualified investment in an amount equal to at least a certain minimum amount), and the minimum amount of a limitation on appraised value under this subchapter, rather than under Section 313.027(b), school districts to which this subchapter applies are categorized according to the taxable value of property in the district for the preceding tax year determined under Subchapter M (Study of School District Property Values), Chapter 403, Government Code, as set forth in a certain taxable value of property table.

SECTION 9. Amends Section 313.023, Tax Code, to set forth, for each category of school district established by Section 313.022, the minimum amount of a qualified investment under Section 313.0045(a)(2)(A)(iv)(a), rather than under Section 313.021(2)(A)(iv)(a).

SECTION 10. Amends Subchapter B, Chapter 313, Tax Code, by adding Section 313.0235, as follows:

Sec. 313.0235. LIMITATION ON APPRAISED VALUE. Requires that the amount agreed to by the governing body of the school district, for a school district to which this subchapter applies, to be an amount in accordance with a certain minimum amount of limitation table as set forth herein, according to the category established by Section 313.022 to which the school district belongs.

SECTION 11. Amends the heading to Subchapter C, Chapter 313, Tax Code, to read as follows:

SUBCHAPTER C. LIMITATION ON APPRAISED VALUE OF PROPERTY IN
CERTAIN SCHOOL DISTRICTS

SECTION 12. Amends Sections 313.051(a) and (b), Tax Code, as follows:

(a) Requires that this subchapter applies only to a school district that has territory in:

(1) an area located in:

(A) a county with unemployment above the state average and per capita income below the state average;

(B) a federally designated urban enterprise community or an urban enhanced enterprise community; or

(C) a defense economic readjustment zone designated under Chapter 2310 (Defense Economic Readjustment Zone), Government Code, rather than that qualified as a strategic investment area under Subchapter O, Chapter 171, immediately before that subchapter expired; or

(2) a county:

(A) that has a population of less than 50,000; and

(B) in which, during the decade preceding the most recent federal decennial census, rather than 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.

(b) Deletes existing text authorizing the governing body of a school district to which this subchapter applies to enter into an agreement in the same manner as a school district to which Subchapter B applies is authorized to do so under Subchapter B, subject to Sections 313.052-313.054. Provides that, except as otherwise provided by this subchapter, the provisions of Subchapter A-1, rather than Subchapter B, apply to a school district to which this subchapter applies. Requires a property owner, for purposes of this subchapter, to create only at least 10 new jobs on the owner's qualified property. Requires that at least 80 percent of all the new jobs created be qualifying jobs, rather than 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 13. Amends Sections 313.052 and 313.053, Tax Code, as follows:

Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. Provides that, for purposes of determining the required minimum amount of a qualified investment under Section 313.0045(a)(2)(A)(iv)(a), rather than under Section 313.021(2)(A)(iv)(a), and the minimum amount of a limitation on appraised value under this subchapter, school districts to which this subchapter applies are categorized according to the taxable value of industrial property in the district for the preceding tax year determined under Subchapter M, Chapter 403, Government Code, as set forth herein.

Sec. 313.053. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. Sets forth, for each category of school district established by Section 313.052, the minimum amount of a qualified investment under Section 313.0045(a)(2)(A)(iv)(a), rather than under Section 313.021(2)(A)(iv)(a).

SECTION 14. Amends Section 313.054(a), Tax Code, as follows:

(a) Sets forth for a school district to which this subchapter applies, the required amount agreed to by the governing body of a school district, rather than the required amount agreed to by the governing body of the district under Section 313.027(a)(2) (relating to prohibiting 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 (Limitation on Appraised Value; Agreement) in the school district from exceeding the lesser of a certain amount under certain circumstances), in accordance with the table set forth herein, according to the category established by Section 313.052 to which the school district belongs.

SECTION 15. Amends the heading to Subchapter E, Chapter 313, Tax Code, to read as follows:

SUBCHAPTER E. EFFECT OF PROGRAM EXPIRATION OR REPEAL

SECTION 16. Amends Section 313.171, Tax Code, as follows:

Sec. 313.171. SAVING PROVISIONS. (a) Provides that a limitation on appraised value approved under Subchapter A-1, B, or C before the expiration of that subchapter continues in effect according to that subchapter as that subchapter existed immediately before its expiration, and that law is continued in effect for purposes of the limitation on appraised value.

(b) Provides 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. Makes a conforming change.

SECTION 17. 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 (Foundation School Program), 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 18. Amends Section 42.302(e), Education code, to provide that for purposes of this section (Allotment), 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 19. Repealers: Sections 313.005 (Definitions), 313.008 (Report on Compliance with Energy-Related Agreements), and 313.009 (Report on Compliance with Agreements), Tax Code.

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

SECTION 20. Provides that 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.

SECTION 21. Effective date: January 1, 2014.