

TAX CODE

TITLE 3. LOCAL TAXATION

SUBTITLE B. SPECIAL PROPERTY TAX PROVISIONS

CHAPTER 313. TEXAS ECONOMIC DEVELOPMENT ACT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 313.001. SHORT TITLE. This chapter may be cited as the Texas Economic Development Act.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.002. FINDINGS. 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) 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 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 property tax system of this state does not favor capital-intensive businesses such as manufacturers.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.003. PURPOSES. The purposes of this chapter are to:

(1) 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) create new, high-paying jobs in this state;

(3) attract to this state new, large-scale businesses

that are exploring opportunities to locate in other states or other countries;

(4) 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) strengthen and improve the overall performance of the economy of this state;

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

(7) enhance this state's economic development efforts by providing school districts with an effective local economic development option.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.004. LEGISLATIVE INTENT. It is the intent of the legislature in enacting this chapter 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) 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.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.005. DEFINITIONS. Unless this chapter defines a word or phrase used in this chapter, Section 1.04 or any other section of Title 1 or this title 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.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.006. IMPOSITION OF IMPACT FEE. (a) In this section, "impact fee" means a charge or assessment imposed against a qualified property, as defined by Section 313.021, in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions for water, wastewater, or storm water services or for roads necessitated by or attributable to property that receives a limitation on appraised value under this chapter.

(b) Notwithstanding any other law, including Chapter 395, Local Government Code, a municipality or county may impose and collect from the owner of a qualified property a reasonable impact fee under this section to pay for the cost of providing improvements associated with or attributable to property that receives a limitation on appraised value under this chapter.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.007. EXPIRATION. Subchapters B, C, and D expire

December 31, 2014.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [864](#), Sec. 1, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 1, eff. June 19, 2009.

Sec. 313.008. REPORT ON COMPLIANCE WITH ENERGY-RELATED AGREEMENTS. (a) Before the beginning of each regular session of the legislature, the comptroller shall submit to the lieutenant governor, the speaker of the house of representatives, and each member of the legislature a report assessing the progress of each agreement entered into under this chapter utilizing data certified by agreement recipients, on each agreement entered into under this chapter involving energy-related projects, including wind generation, ethanol production, liquefied natural gas terminals, low sulfur diesel production, refinery cogeneration, and nuclear energy production. The report must state for each agreement:

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

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

(3) the median wage of the new jobs each recipient created;

(4) the amount of the qualified investment each recipient committed to expend or allocate per project;

(5) the amount of the qualified investment each recipient expended or allocated per project;

(6) the market value of the qualified property of each recipient as established by the local appraiser;

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

(8) the dollar amount of the ad valorem taxes that would have been imposed on the market value of the qualified property;

(9) the dollar amount of the ad valorem taxes imposed

on the qualified property;

(10) the number of new jobs created by each recipient in each sector of the North American Industry Classification System (NAICS); and

(11) of the number of new jobs each recipient created, the number of positions created that provide health benefits for employees.

(b) The report may not include information that is made confidential by law.

(c) The comptroller may require a recipient to submit, on a form provided by the comptroller, information required to complete the report.

Added by Acts 2007, 80th Leg., R.S., Ch. [939](#), Sec. 17, eff. September 1, 2007.

Sec. 313.009. REPORT ON COMPLIANCE WITH AGREEMENTS. (a) Before the beginning of each regular session of the legislature, the comptroller shall submit to the lieutenant governor, the speaker of the house of representatives, and each member of the legislature a report assessing the progress of each agreement entered into under this chapter. The report must be based on data certified to the comptroller by each recipient of a limitation on appraised value under this chapter and state for each agreement:

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

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

(3) the median wage of the new jobs each recipient created;

(4) the amount of the qualified investment each recipient committed to expend or allocate per project;

(5) the amount of the qualified investment each recipient expended or allocated per project;

(6) the market value of the qualified property of each recipient as determined by the applicable chief appraiser;

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

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

(9) the dollar amount of the taxes imposed on the qualified property;

(10) the number of new jobs created by each recipient in each sector of the North American Industry Classification System; and

(11) of the number of new jobs each recipient created, the number of jobs created that provide health benefits for employees.

(b) The report may not include information that is made confidential by law.

(c) The comptroller may require a recipient to submit, on a form the comptroller provides, information required to complete the report.

Added by Acts 2007, 80th Leg., R.S., Ch. [1270](#), Sec. 6, eff. October 1, 2007.

Renumbered from Tax Code, Section 313.008 by Acts 2009, 81st Leg., R.S., Ch. [87](#), Sec. 27.001(88), eff. September 1, 2009.

For expiration of this subchapter, see Sec. 313.007

SUBCHAPTER B. LIMITATION ON APPRAISED VALUE OF CERTAIN PROPERTY

USED TO CREATE JOBS

Sec. 313.021. DEFINITIONS. In this subchapter:

(1) "Qualified investment" means:

(A) tangible personal property that is first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2002, without regard to whether the property is affixed to or incorporated into real property, and that is described as Section 1245 property by Section 1245(a), Internal Revenue Code of 1986;

(B) tangible personal property that is first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2002, without regard to whether the property is affixed to or incorporated into real

property, and that is used in connection with the manufacturing, processing, or fabrication in a cleanroom environment of a semiconductor product, without regard to whether the property is actually located in the cleanroom environment, including:

(i) integrated systems, fixtures, and piping;

(ii) all property necessary or adapted to reduce contamination or to control airflow, temperature, humidity, chemical purity, or other environmental conditions or manufacturing tolerances; and

(iii) production equipment and machinery, moveable cleanroom partitions, and cleanroom lighting;

(C) tangible personal property that is first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2002, without regard to whether the property is affixed to or incorporated into real property, and that is used in connection with the operation of a nuclear electric power generation facility, including:

(i) property, including pressure vessels, pumps, turbines, generators, and condensers, used to produce nuclear electric power; and

(ii) property and systems necessary to control radioactive contamination;

(D) tangible personal property that is first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2002, without regard to whether the property is affixed to or incorporated into real property, and that is used in connection with operating an integrated gasification combined cycle electric generation facility, including:

(i) property used to produce electric power by means of a combined combustion turbine and steam turbine application using synthetic gas or another product produced by the gasification of coal or another carbon-based feedstock; or

(ii) property used in handling materials to be used as feedstock for gasification or used in the gasification process to produce synthetic gas or another carbon-based feedstock

for use in the production of electric power in the manner described by Subparagraph (i);

(E) tangible personal property that is first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2010, without regard to whether the property is affixed to or incorporated into real property, and that is used in connection with operating an advanced clean energy project, as defined by Section 382.003, Health and Safety Code; or

(F) a building or a permanent, nonremovable component of a building that is built or constructed during the applicable qualifying time period that begins on or after January 1, 2002, and that houses tangible personal property described by Paragraph (A), (B), (C), (D), or (E).

(2) "Qualified property" means:

(A) land:

(i) that is located in an area designated as a reinvestment zone under Chapter 311 or 312 or as an enterprise zone under Chapter 2303, Government Code;

(ii) on which a person proposes to construct a new building or erect or affix a new improvement that does not exist before the date the person applies for a limitation on appraised value under this subchapter;

(iii) that is not subject to a tax abatement agreement entered into by a school district under Chapter 312; and

(iv) on which, in connection with the new building or new improvement described by Subparagraph (ii), the owner or lessee of, or the holder of another possessory interest in, the land proposes to:

(a) make a qualified investment in an amount equal to at least the minimum amount required by Section 313.023; and

(b) create at least 25 new jobs;

(B) the new building or other new improvement described by Paragraph (A)(ii); and

(C) tangible personal property that:

(i) is not subject to a tax abatement

agreement entered into by a school district under Chapter 312; and

(ii) except for new equipment described in Section 151.318(q) or (q-1), is first placed in service in the new building or in or on the new improvement described by Paragraph (A)(ii), or on the land on which that new building or new improvement is located, if the personal property is ancillary and necessary to the business conducted in that new building or in or on that new improvement.

(3) "Qualifying job" means a permanent full-time job that:

(A) requires at least 1,600 hours of work a year;

(B) is not transferred from one area in this state to another area in this state;

(C) is not created to replace a previous employee;

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(E) pays at least 110 percent of:

(i) the county average weekly wage for manufacturing jobs in the county where the job is located; or

(ii) the county average weekly wage for all jobs in the county where the job is located, if the property owner creates more than 1,000 jobs in that county.

(4) "Qualifying time period" means:

(A) the period that begins on the date that a person's application for a limitation on appraised value under this subchapter is approved by the governing body of the school district and ends on December 31 of the second tax year that begins after that date, except as provided by Paragraph (B) or (C) of this subdivision or Section 313.027(h);

(B) in connection with a nuclear electric power generation facility, the first seven tax years that begin on or after the third anniversary of the date the school district approves the property owner's application for a limitation on

appraised value under this subchapter, unless a shorter time period is agreed to by the governing body of the school district and the property owner; or

(C) in connection with an advanced clean energy project, as defined by Section 382.003, Health and Safety Code, the first five tax years that begin on or after the third anniversary of the date the school district approves the property owner's application for a limitation on appraised value under this subchapter, unless a shorter time period is agreed to by the governing body of the school district and the property owner.

(5) "County average weekly wage for manufacturing jobs" means:

(A) the average weekly wage in a county for manufacturing jobs during the most recent four quarterly periods for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission; or

(B) 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, Local Government Code, in which the county is located during the most recent four quarterly periods for which data is available at the time a person submits an application for a limitation on appraised value under this subchapter, as computed by the Texas Workforce Commission.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by Acts 2003, 78th Leg., ch. 1310, Sec. 113, eff. June 20, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [1262](#), Sec. 2, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. [1109](#), Sec. 6, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 2, eff. June 19, 2009.

Sec. 313.022. APPLICABILITY; CATEGORIZATION OF SCHOOL

DISTRICTS. (a) This subchapter applies to each school district in this state other than a school district to which Subchapter C applies.

(b) For purposes of determining the required minimum amount of a qualified investment under Section 313.021(2)(A)(iv)(a), and the minimum amount of a limitation on appraised value 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, Chapter 403, Government Code, as follows:

CATEGORY	TAXABLE VALUE OF PROPERTY
I	\$10 billion or more
II	\$1 billion or more but less than \$10 billion
III	\$500 million or more but less than \$1 billion
IV	\$100 million or more but less than \$500 million
V	less than \$100 million

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.023. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. For each category of school district established by Section 313.022, the minimum amount of a qualified investment under Section 313.021(2)(A)(iv)(a) is as follows:

CATEGORY	MINIMUM QUALIFIED INVESTMENT
I	\$100 million
II	\$80 million
III	\$60 million
IV	\$40 million
V	\$20 million

Sec. 313.024. ELIGIBLE PROPERTY. (a) This subchapter and Subchapters C and D apply only to property owned by an entity to which Chapter 171 applies.

(a-1) Expired.

(b) To be eligible for a limitation on appraised value under this subchapter, the entity must use the property in connection with:

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

(b-1) Expired.

(c) For purposes of determining an applicant's eligibility for a limitation under this subchapter:

- (1) the land on which a building or component of a building described by Section 313.021(1)(E) 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.

(d) To be eligible for a limitation on appraised value under

this subchapter, at least 80 percent of all the new jobs created by the property owner must be qualifying jobs as defined by Section 313.021(3).

(e) In this section:

(1) "Manufacturing" means an establishment primarily engaged in activities described in sectors 31-33 of the 2007 North American Industry Classification System.

(2) "Renewable energy electric generation" means an establishment primarily engaged in activities described in category 221119 of the 1997 North American Industry Classification System.

(3) "Integrated gasification combined cycle technology" means technology used to produce electricity in a combined combustion turbine and steam turbine application using synthetic gas or another product produced from the gasification of coal or another carbon-based feedstock, including related activities such as materials-handling and gasification of coal or another carbon-based feedstock.

(4) "Nuclear electric power generation" means activities described in category 221113 of the 2002 North American Industry Classification System.

(5) "Research and development" means an establishment primarily engaged in activities described in category 541710 of the 2002 North American Industry Classification System.

(6) "Computer center" means an establishment primarily engaged in providing electronic data processing and information storage.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2005, 79th Leg., Ch. [1097](#), Sec. 5, eff. June 18, 2005.

Acts 2006, 79th Leg., 3rd C.S., Ch. [1](#), Sec. 16(b), eff. January 1, 2008.

Acts 2006, 79th Leg., 3rd C.S., Ch. [1](#), Sec. 16(c), eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. [1262](#), Sec. 3, eff. June 15, 2007.

Acts 2007, 80th Leg., R.S., Ch. [1262](#), Sec. 4, eff. January 1,

2008.

Acts 2007, 80th Leg., R.S., Ch. [1262](#), Sec. 5, eff. June 15,

2007.

Acts 2007, 80th Leg., R.S., Ch. [1277](#), Sec. 10, eff. January 1,

2008.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 3, eff. June 19,

2009.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 4, eff. June 19,

2009.

Sec. 313.025. APPLICATION; ACTION ON APPLICATION. (a) The owner or lessee of, or the holder of another possessory interest in, any qualified property described by Section 313.021(2)(A), (B), or (C) may 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. An application must be made on the form prescribed by the comptroller and include the information required by the comptroller, and it must 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 313.021(2); and

(3) information relating to each applicable criterion listed in Section 313.026.

(a-1) Within seven days of the receipt of each document, the school district shall submit to the comptroller a copy of the application and the agreement between the applicant and the school district. If an economic analysis of the proposed project is submitted to the school district, the district shall submit a copy of the analysis to the comptroller. In addition, the school district shall submit to the comptroller any subsequent revision of or amendment to any of those documents within seven days of its receipt. The comptroller shall publish each document received from the school district under this subsection on the comptroller's

Internet website. If the school district maintains a generally accessible Internet website, the district shall provide on its website a link to the location of those documents posted on the comptroller's website in compliance with this subsection. This subsection does not require the comptroller to post information that is confidential under Section 313.028.

(b) The governing body of a school district is not required to consider an application for a limitation on appraised value that is filed with the governing body under Subsection (a). If the governing body of the school district does elect to consider an application, the governing body shall 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. Except as provided by Subsection (b-1), the comptroller shall conduct or contract with a third person to conduct the evaluation, which shall be completed and provided to the governing body of the school district as soon as practicable. The governing body shall provide to the comptroller or third person any requested information. A methodology to allow comparisons of economic impact for different schedules of the addition of qualified investment or qualified property may be developed as part of the economic impact evaluation. The governing body shall provide a copy of the evaluation to the applicant on request. The comptroller may charge and collect a fee sufficient to cover the costs of providing the economic impact evaluation. The governing body of a school district shall approve or disapprove an application 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.

(b-1) The comptroller shall indicate on one copy of the application the date the comptroller received the application and deliver that copy to the Texas Education Agency. The Texas Education Agency shall 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), and submit a

written report containing the agency's determination to the comptroller. The governing body of the school district shall provide any requested information to the Texas Education Agency. Not later than the 45th day after the date the application indicates that the comptroller received the application, the Texas Education Agency shall make the required determination and submit the agency's written report to the comptroller. A third person contracted by the comptroller to conduct an economic impact evaluation of an application is not required to make a determination that the Texas Education Agency is required to make and report to the comptroller under this subsection.

(c) In determining whether to grant an application, the governing body of the school district is entitled to request and receive assistance from:

- (1) the comptroller;
- (2) the Texas Department of Economic Development;
- (3) the Texas Workforce Investment Council; and
- (4) the Texas Workforce Commission.

(d) Before the 91st day after the date the comptroller receives the copy of the application, the comptroller shall submit a recommendation to the governing body of the school district as to whether the application should be approved or disapproved.

(d-1) The governing body of a school district may approve an application that the comptroller has recommended should be disapproved only if:

- (1) the governing body holds a public hearing the sole purpose of which is to consider the application and the comptroller's recommendation; and
- (2) 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) Before approving or disapproving an application under this subchapter that the governing body elects to consider, the governing body of the school district must make a written finding as to each criterion listed in Section 313.026. The governing body shall deliver a copy of those findings to the applicant.

(f) The governing body may approve an application only if

the governing body finds that the information in the application is true and correct, finds that the applicant is eligible for the limitation on the appraised value of the person's qualified property, and determines that granting the application is in the best interest of the school district and this state.

(f-1) Notwithstanding any other provision of this chapter to the contrary, including Section 313.003(2) or 313.004(3)(A) or (B)(iii), the governing body of a school district may 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.

(g) The Texas Department of Economic Development or its successor may recommend that a school district grant a person a limitation on appraised value under this chapter. In determining whether to grant an application, the governing body of the school district shall consider any recommendation made by the Texas Department of Economic Development or its successor.

(h) After receiving a copy of the application, the comptroller shall determine whether the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under this subchapter. The comptroller shall notify the governing body of the school district of the comptroller's determination and provide the applicant an opportunity for a hearing before the determination becomes final. A hearing under this subsection is a contested case hearing and shall be conducted by the State Office of Administrative Hearings in the manner provided by Section 2003.101, Government Code. The applicant has the burden of proof on each issue in the hearing. The applicant may seek judicial review of the comptroller's determination in a Travis County district court under the substantial evidence rule as provided by Subchapter G, Chapter 2001, Government Code.

(i) If the comptroller's determination under Subsection (h) that the property does not meet the requirements of Section 313.024

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 recommendation to the school district as to whether the application should be approved or disapproved, and the governing body of the school district may not grant the application.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by Acts 2003, 78th Leg., ch. 818, Sec. 6.11, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 978, Sec. 7, eff. Sept. 1, 2003.

Amended by:

Acts 2006, 79th Leg., 3rd C.S., Ch. [1](#), Sec. 16(d), eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. [864](#), Sec. 2, eff. December 31, 2007.

Acts 2007, 80th Leg., R.S., Ch. [864](#), Sec. 3, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 5, eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 5, eff. January 1, 2010.

Sec. 313.026. ECONOMIC IMPACT EVALUATION. (a) The economic impact evaluation of the application must include the following:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) 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, Government Code, as that section existed before February 1, 1999;

- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;

- (7) the number of qualifying jobs to be created by the

applicant;

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

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

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

(A) 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, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;

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

(12) 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;

(13) 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;

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

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

(16) 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;

(17) 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;

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

(19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and

(20) 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 (17) from the projected taxes stated in Subdivision (16).

(b) The comptroller's recommendations shall 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 313.025(b).

(c) Expired.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [864](#), Sec. 4, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 6, eff. June 19, 2009.

Sec. 313.0265. DISCLOSURE OF APPRAISED VALUE LIMITATION INFORMATION. (a) The comptroller shall post on the comptroller's Internet website each document or item of information the comptroller designates as substantive before the 15th day after the date the document or item of information was received or created. Each document or item of information must continue to be posted until the appraised value limitation expires.

(b) The comptroller shall designate the following as substantive:

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

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

(3) each application requesting school tax credits under Section 313.103.

(c) If a school district maintains a generally accessible Internet website, the district shall maintain a link on its Internet website to the area of the comptroller's Internet website where information on each of the district's agreements to limit appraised value is maintained.

Added by Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 7, eff. January 1, 2010.

Sec. 313.027. LIMITATION ON APPRAISED VALUE; AGREEMENT.

(a) 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, 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 may not exceed the lesser of:

(1) the market value of the property; or

(2) subject to Subsection (b), the amount agreed to by the governing body of the school district.

(b) The amount agreed to by the governing body of a school district under Subsection (a)(2) must be an amount in accordance with the following, according to the category established by Section 313.022 to which the school district belongs:

CATEGORY	OF LIMITATION	MINIMUM AMOUNT
I		\$100 million
II		\$80 million
III		\$60 million
IV		\$40 million
V		\$20 million

(c) The limitation amounts listed in Subsection (b) are minimum amounts. A school district, regardless of category, may agree to a greater amount than those amounts.

(d) The governing body of the school district and the property owner shall enter into a written agreement for the implementation of the limitation on appraised value under this subchapter on the owner's qualified property.

(e) The agreement must describe with specificity the qualified investment that the person will make on or in connection with the person's qualified property that is subject to the limitation on appraised value under this subchapter. Other property of the person that is not specifically described in the agreement is not subject to the limitation unless the governing body of the school district, by official action, provides that the other property is subject to the limitation.

(f) In addition, the agreement:

(1) must incorporate each relevant provision of this subchapter and, to the extent necessary, include provisions for the protection of future school district revenues through the adjustment of the minimum valuations, the payment of revenue offsets, and other mechanisms agreed to by the property owner and the school district;

(2) may provide that the property owner will protect the school district in the event the district incurs extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project;

(3) must require the property owner to maintain a viable presence in the school district for at least three years after the date the limitation on appraised value of the owner's property expires;

(4) must provide for the termination of the agreement, the recapture of ad valorem tax revenue lost as a result of the agreement if the owner of the property fails to comply with the terms of the agreement, and payment of a penalty or interest, or

both, on that recaptured ad valorem tax revenue;

(5) may specify any conditions the occurrence of which will require the district and the property owner to renegotiate all or any part of the agreement; and

(6) must specify the ad valorem tax years covered by the agreement.

(g) When appraising a person's qualified property subject to a limitation on appraised value under this section, the chief appraiser shall determine the market value of the property and include both the market value and the appropriate value under Subsection (a) in the appraisal records.

(h) The agreement between the governing body of the school district and the applicant may 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. This subsection may not be 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 313.021(4).

(i) A person and the school district may not enter into an agreement under which the person agrees 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 described by Section 313.021(4) and ending with the period described by Section 313.104(2)(B) of this code. This limit does not apply to amounts described by Subsection (f)(1) or (2) of this section.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 8, eff. June 19, 2009.

Sec. 313.0275. RECAPTURE OF AD VALOREM TAX REVENUE LOST.

(a) Notwithstanding any other provision of this chapter to the contrary, a person with whom a school district enters into an agreement under this subchapter must 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.

(b) If in any tax year a property owner fails to comply with Subsection (a), the property owner is liable to this state for a penalty equal to the amount computed by subtracting from the market value of the property for that tax year the value of the property as limited by the agreement and multiplying the difference by the maintenance and operations tax rate of the school district for that tax year.

(c) A penalty imposed under Subsection (b) becomes delinquent if not paid on or before February 1 of the following tax year. Section 33.01 applies to the delinquent penalty in the manner that section applies to delinquent taxes.

Added by Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 9, eff. June 19, 2009.

Sec. 313.028. CERTAIN BUSINESS INFORMATION CONFIDENTIAL. Information provided to a school district in connection with an application for a limitation on appraised value under this subchapter that describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application shall be segregated in the application from other information in the application and is confidential and not subject to public disclosure unless the governing body of the school district approves the application. Other information in the custody of a school district or the comptroller in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under this chapter, such as the nature and amount of the projected investment, employment, wages, and benefits, may not be considered confidential business information if the governing body of the school district agrees to consider the application. Information in the custody of a school district or the comptroller if the governing body approves the application is not confidential under this section.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 10, eff. June 19, 2009.

Sec. 313.030. PROPERTY NOT ELIGIBLE FOR TAX ABATEMENT. Property subject to a limitation on appraised value in a tax year under this subchapter is not eligible for tax abatement by a school district under Chapter 312 in that tax year.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.031. RULES AND FORMS; FEES. (a) The comptroller shall:

(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 or a tax credit under Subchapter D.

(b) The governing body of a school district by official action shall 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. The amount of an application fee must be reasonable and may not exceed the estimated cost to the district of processing and acting on an application, including the cost of the economic impact evaluation required by Sections 313.025 and 313.026.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.032. REPORT ON COMPLIANCE WITH AGREEMENTS. (a) Before the beginning of each regular session of the legislature, the comptroller shall 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. The report must 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:

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

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

(3) the median wage of the new jobs each recipient created;

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

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

(6) the market value of the qualified property of each recipient as determined by the applicable chief appraiser;

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

(8) 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;

(9) the dollar amount of the taxes imposed on the qualified property;

(10) the number of new jobs created by each recipient in each sector of the North American Industry Classification System; and

(11) of the number of new jobs each recipient created, the number of jobs created that provide health benefits for employees.

(b) The report may not include information that is confidential by law.

(c) The comptroller may require a recipient to submit, on a form the comptroller provides, information required to complete the report.

Added by Acts 2007, 80th Leg., R.S., Ch. [1262](#), Sec. 6, eff. June 15, 2007.

For expiration of this subchapter, see Sec. 313.007

SUBCHAPTER C. LIMITATION ON APPRAISED VALUE OF PROPERTY IN CERTAIN

RURAL SCHOOL DISTRICTS

Sec. 313.051. APPLICABILITY. (a) This subchapter applies only to a school district that has territory in:

(1) an area 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, from 1990 to 2000, according to the federal decennial census, the population:

(i) remained the same;

(ii) decreased; or

(iii) increased, but at a rate of not more than three percent per annum.

(a-1) Notwithstanding 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) after that date.

(b) The governing body of a school district to which this subchapter applies may enter into an agreement in the same manner as a school district to which Subchapter B applies may do so under Subchapter B, subject to Sections 313.052-313.054. Except as otherwise provided by this subchapter, the provisions of Subchapter B apply to a school district to which this subchapter applies. For purposes of this subchapter, a property owner is required to create only at least 10 new jobs on the owner's qualified property. At least 80 percent of all the new jobs created must be qualifying jobs as defined by Section 313.021(3), except that, for a school district described by Subsection (a)(2), each qualifying job must 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, Local Government Code,

in which the district is located.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2006, 79th Leg., 3rd C.S., Ch. 1, Sec. 16(e), eff. January 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 1186, Sec. 11, eff. June 19, 2009.

Sec. 313.052. CATEGORIZATION OF SCHOOL DISTRICTS. For purposes of determining the required minimum amount of a qualified investment 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 follows:

CATEGORY	TAXABLE VALUE OF INDUSTRIAL PROPERTY
I	\$200 million or more
II	\$90 million or more but less than \$200 million
III	\$1 million or more but less than \$90 million
IV	\$100,000 or more but less than \$1 million
V	less than \$100,000

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.053. MINIMUM AMOUNTS OF QUALIFIED INVESTMENT. For each category of school district established by Section 313.052, the minimum amount of a qualified investment under Section 313.021(2)(A)(iv)(a) is as follows:

CATEGORY	MINIMUM QUALIFIED INVESTMENT
I	\$30 million
II	\$20 million
III	\$10 million
IV	\$5 million

V \$1 million

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.054. LIMITATION ON APPRAISED VALUE. (a) For a school district to which this subchapter applies, the amount agreed to by the governing body of the district under Section 313.027(a)(2) must be an amount in accordance with the following, according to the category established by Section 313.052 to which the school district belongs:

CATEGORY	MINIMUM AMOUNT OF LIMITATION
I	\$30 million
II	\$20 million
III	\$10 million
IV	\$5 million
V	\$1 million

(b) The limitation amounts listed in Subsection (a) are minimum amounts. A school district, regardless of category, may agree to a greater amount than those amounts.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

For expiration of this subchapter, see Sec. 313.007

SUBCHAPTER D. SCHOOL TAX CREDITS

Sec. 313.101. DEFINITION. In this subchapter, "qualifying time period" has the meaning assigned by Section 313.021.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.102. ELIGIBILITY FOR TAX CREDIT; AMOUNT OF CREDIT. (a) In addition to the limitation on the appraised value of the person's qualified property under Subchapter B or C, a person is entitled to a tax credit from the school district that approved the limitation in an amount equal to the amount of ad valorem taxes paid to that school district that were imposed on the portion of the appraised value of the qualified property that exceeds the amount of the limitation agreed to by the governing body of the school district under Section 313.027(a)(2) in each year in the applicable qualifying time period.

(b) If the person relocates the person's business outside the school district, the person is not entitled to the credit in or after the year in which the relocation occurs.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Sec. 313.103. APPLICATION. (a) An application for a tax credit under this subchapter must be made to the governing body of the school district to which the ad valorem taxes were paid. The application must be:

(1) made on the form prescribed for that purpose by the comptroller and verified by the applicant; and

(2) accompanied by:

(A) a tax receipt from the collector of taxes for the school district showing full payment of school district ad valorem taxes on the qualified property for the applicable qualifying time period; and

(B) any other document or information that the comptroller or the governing body considers necessary for a determination of the applicant's eligibility for the credit or the amount of the credit.

(b) An application for a tax credit under this subchapter or any information provided by the school district to the Texas Education Agency under Section 42.2515, Education Code, is not confidential.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 12, eff. June 19, 2009.

Sec. 313.104. ACTION ON APPLICATION; GRANT OF CREDIT. Before granting the application for a tax credit, the governing body of the school district shall:

(1) determine the person's eligibility for a tax credit under this subchapter; and

(2) if the person's application is approved, by order or resolution direct the collector of taxes for the school district:

(A) in the second and subsequent six tax years that begin after the date the application is approved, to credit against the taxes imposed on the qualified property by the district in that year an amount equal to one-seventh of the total amount of tax credit to which the person is entitled under Section 313.102, except that the amount of a credit granted in any of those tax years may not exceed 50 percent of the total amount of ad valorem school taxes imposed on the qualified property by the school district in that tax year; and

(B) in the first three tax years that begin on or after the date the person's eligibility for the limitation under Subchapter B or C expires, to credit against the taxes imposed on the qualified property by the district an amount equal to the portion of the total amount of tax credit to which the person is entitled under Section 313.102 that was not credited against the person's taxes under Paragraph (A) in a tax year covered by Paragraph (A), except that the amount of a tax credit granted under this paragraph in any tax year may not exceed the total amount of ad valorem school taxes imposed on the qualified property by the school district in that tax year.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [864](#), Sec. 5, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. [1186](#), Sec. 12, eff. June 19, 2009.

Sec. 313.105. REMEDY FOR ERRONEOUS CREDIT. (a) If the comptroller and the governing body of a school district determine that a person who received a tax credit under this subchapter for any reason was not entitled to the credit received or was entitled to a lesser amount of credit than the amount of the credit received, an additional tax is imposed on the qualified property equal to the full credit or the amount of the credit to which the person was not entitled, as applicable, plus interest at an annual rate of seven percent calculated from the date the credit was issued.

(b) A tax lien attaches to the qualified property in favor

of the school district to secure payment by the person of the additional tax and interest imposed by this section and any penalties incurred. A person delinquent in the payment of an additional tax under this section may not submit a subsequent application or receive a tax credit under this subchapter in a subsequent year.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.

SUBCHAPTER E. AVAILABILITY OF TAX CREDIT AFTER PROGRAM EXPIRES

Sec. 313.171. SAVING PROVISIONS. (a) A limitation on appraised value approved under Subchapter 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) The 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 expiration of Subchapter D.

Added by Acts 2001, 77th Leg., ch. 1505, Sec. 1, eff. Jan. 1, 2002.