

## **BILL ANALYSIS**

C.S.H.B. 2826  
By: Murphy  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

According to interested parties, when determining the eligibility of school district property in more than one district for a limitation on appraised value under the Texas Economic Development Act, single projects extending across multiple school districts are evaluated by each portion of the project, and each portion must separately qualify for a limitation agreement, sometimes posing a significant burden. C.S.H.B. 2826 seeks to address this issue.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2826 amends the Tax Code to set out provisions applicable only to a single unified project that is located in more than one but not more than three school districts, each of which is contiguous to another school district in which the project is located and at least one of which is a school district to which provisions of the Texas Economic Development Act relating to a limitation on appraised value of certain property used to create jobs apply. The bill establishes that, for purposes of determining the required minimum amount of a qualified investment and the minimum amount of a limitation on appraised value with regard to such a project, the project is considered to be located in the school district in which the project is located that has the highest taxable value of property for the preceding tax year as determined by the comptroller of public accounts. The bill modifies the minimum amount of a limitation on appraised value to which a school district may agree by multiplying it by a fraction the numerator of which is the amount of qualified investment made in the school district in connection with the project and the denominator of which is the total amount of qualified investment made in connection with the project.

C.S.H.B. 2826 requires the comptroller, in determining whether property on which a project is located meets the requirements for eligibility for a limitation on appraised value, to consider whether the project as a whole would meet those requirements were the project located at one site in a single school district. The bill establishes that these provisions affect neither the requirement that each school district from which an applicant desires a limitation on appraised value of the applicant's property for school district maintenance and operations property tax purposes enter into an agreement with the applicant in order for the applicant to receive a limitation from that school district nor the terms of such an agreement.

C.S.H.B. 2826 makes these provisions applicable to an identically situated project that is located in multiple contiguous school districts to which statutory provisions relating to a limitation on the appraised value of property in strategic investment areas or certain rural school districts apply in the same manner as the bill's provisions relating to the limitation on appraised value of certain property used to create jobs apply, except that, for purposes of determining the required minimum qualified investment and the minimum amount of a limitation on appraised value, the project is considered to be located in the school district in which the project is located that has the highest taxable value of industrial property for the preceding tax year, as determined by the comptroller.

### **EFFECTIVE DATE**

September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2826 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

SECTION 1. Subchapter B, Chapter 313, Tax Code, is amended by adding Section 313.0255 to read as follows:

Sec. 313.0255. PROJECT LOCATED IN MORE THAN ONE SCHOOL DISTRICT.

(a) This section applies only to a single unified project that is located in more than one school district, each of which is contiguous to another school district in which the project is located and at least one of which is a school district to which this subchapter applies.

(b) Except as otherwise provided by this section, the provisions of this subchapter applicable to a project that is located in only one school district apply to a project to which this section applies, including the provisions governing the application and approval process.

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 313, Tax Code, is amended by adding Section 313.0255 to read as follows:

Sec. 313.0255. PROJECT LOCATED IN MULTIPLE SCHOOL DISTRICTS. (a)

This section applies only to a single unified project that is located in more than one but not more than three school districts, each of which is contiguous to another school district in which the project is located and at least one of which is a school district to which this subchapter applies.

(b) Except as otherwise provided by this section, the provisions of this subchapter applicable to a project that is located in only one school district apply to a project to which this section applies, including the provisions governing the application and approval process. This section does not affect the requirement that each school district from which the applicant desires a limitation on appraised value of the applicant's property for school district maintenance and operations ad valorem tax purposes enter into an agreement with the applicant under Section 313.027 in order for the applicant to receive a limitation from that school district. Except as otherwise provided by this section, this section does not affect the terms of an agreement between the applicant and a school district under Section 313.027 as prescribed by that section.

(c) 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), a project is considered to be located in the school district in which the project is located that has the highest taxable value of property for the preceding tax year determined under Subchapter M, Chapter 403, Government Code.

(d) The minimum amount of the limitation on appraised value to which a school district may agree under Section 313.027(b) is equal to the amount specified by that subsection for the applicable category of school district as determined in accordance with Subsection (c) of this section multiplied by a fraction the numerator of which is the amount of qualified investment made in the school district in connection with the project and the denominator of which is the total amount of qualified investment made in connection with the project in each school district in which the project is located.

(e) In determining whether property on which a project is located meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under this subchapter, the comptroller shall consider whether the project as a whole would meet those requirements were the project located in a single school district.

SECTION 2. Subchapter C, Chapter 313, Tax Code, is amended by adding Section 313.055 to read as follows:

Sec. 313.055. PROJECT LOCATED IN MORE THAN ONE SCHOOL DISTRICT. Section 313.0255 applies to a project located in more than one school district each

of which is a school district to which this subchapter applies in the same manner as that section applies to a project located in more than one school district at least one of which is a school district to which Subchapter B applies, except that for purposes of Section 313.0255(c) the project is considered to be located in the school district that has the highest taxable value of industrial property for the preceding tax

(c) 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), a project is considered to be located in the school district in which the project is located that has the highest taxable value of property for the preceding tax year as determined under Subchapter M, Chapter 403, Government Code.

(d) The minimum amount of the limitation on appraised value to which a school district may agree under Section 313.027(b) is equal to the amount specified by that subsection for the applicable category of school district as determined in accordance with Subsection (c) of this section multiplied by a fraction the numerator of which is the amount of qualified investment made in the school district in connection with the project and the denominator of which is the total amount of qualified investment made in connection with the project.

(e) In determining whether property on which a project is located meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under this subchapter, the comptroller shall consider whether the project as a whole would meet those requirements were the project located at one site in a single school district.

SECTION 2. Subchapter C, Chapter 313, Tax Code, is amended by adding Section 313.055 to read as follows:

Sec. 313.055. PROJECT LOCATED IN MULTIPLE SCHOOL DISTRICTS. Section 313.0255 applies to a single unified project that is located in more than one school district but not more than three school districts, each of which is contiguous to another school district in which the project is located and is a school district to which this subchapter applies, in the same manner as that section applies to a project described by Section 313.0255(a), except that for purposes of Section 313.0255(c) the project is considered to be located in the school district in which the project is located that has the highest taxable value of industrial property for the preceding tax year as determined under Subchapter M,

year determined under Subchapter M, Chapter 403, Government Code.

Chapter 403, Government Code.

SECTION 3. This Act applies only to an application filed under Chapter 313, Tax Code, on or after the effective date of this Act. 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 3. Same as introduced version.

SECTION 4. This Act takes effect September 1, 2015.

SECTION 4. Same as introduced version.