

BILL ANALYSIS

H.B. 1987
By: Springer
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties are concerned about changes to the Texas Economic Development Act that allow school districts to waive the job creation requirement as it relates to the eligibility of a business for a limitation on the appraised value of property for purposes of the maintenance and operations portion of school district property taxes. These parties contend that the job creation requirement has been disproportionately waived for wind-based electricity generation projects as compared to manufacturing projects. The parties claim that, as a result of these waivers, wind-based electricity generation accounts for the highest estimated gross tax benefit per committed job over the life of a project agreement, which has created a cost borne by the state and not the school district that waived the requirement. Interested parties further contend that the potential for wind farms to rapidly depreciate in value can ultimately turn these project agreements into a bad deal because there may not be enough of a taxable asset after depreciation to allow the recapture of the maintenance and operations tax when the tax relief ends.

H.B. 1987 seeks to remedy these issues by allowing a school district to request the comptroller of public accounts to submit a recommendation as to whether the new jobs creation requirement should be reduced or waived and by placing a minimum threshold of depreciated value so that there is still value to tax when the property in question returns to the tax rolls.

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

H.B. 1987 amends the Tax Code to authorize the governing body of a school district, for purposes of determining eligibility for a limitation on appraised value of certain property used to create jobs for school district maintenance and operations property tax purposes under the Texas Economic Development Act, to request the comptroller of public accounts to submit a recommendation as to whether the new jobs creation requirement on the application should be reduced or waived and, if reduced, the number of new jobs that should be required to be created. The bill requires the comptroller to submit a requested recommendation to the school district's governing body not later than the 90th day after the date the comptroller receives the copy of the application.

H.B. 1987 conditions a school district governing body's authority to waive or reduce the new jobs creation requirement on a comptroller determination that the requirement exceeds the

industry standard for the number of employees reasonably necessary for the operation of the facility described in the application and on a recommendation to waive or reduce the requirement. The bill removes a school district governing body's authority to waive the new jobs creation requirement and approve an application on a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility described in the application.

H.B. 1987 requires the economic impact evaluation of the application to include any information that the comptroller determines necessary or helpful in determining whether to submit a requested recommendation regarding waiver or reduction of the new jobs creation requirement. The bill requires the comptroller's determination on whether to submit a requested recommendation regarding waiver or reduction of the new jobs creation requirement to be based on the economic impact evaluation and on any other information available to the comptroller.

H.B. 1987 requires an agreement between a person and a school district governing body on a limitation on appraised value of certain property used to create jobs to provide for the recapture of property tax revenue lost as a result of the agreement if, in the first tax year after the date the limitation expires, the market value of the property is less than 80 percent of the market value of the property in the first tax year after the date the qualifying time period expires.

EFFECTIVE DATE

January 1, 2016.