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**88th LEGISLATIVE SESSION
MCALLEN DAY IN AUSTIN**

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**Texas Economic Development Act
Chapter 313**

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In 2001, the 77th Texas Legislature enacted House Bill 1200 creating Tax Code Chapter 313, Texas Economic Development Act (the Act), to encourage large-scale manufacturing, research and development, renewable energy, nuclear and integrated gasification combined cycle electric generation facilities and other large capital investment projects in the State of Texas.

It requires companies to invest a specified amount of money to qualify for a 10-year limitation on the appraised value of a property for the maintenance and operations portion of the school district property tax. The local school district must elect to participate for the company to recognize this benefit.

Almost one billion in tax break agreements are given to some of the largest companies in Texas and then fees are paid directly to local school districts to make up for their share of the property tax revenue loss.

The Act also requires that the limitation on appraised value be a determining factor in the applicant's decision to invest capital and construct the project in the state and requires that the Comptroller state in writing the basis for that determination. The qualifying investment amount is determined on a sliding scale that begins at \$100 million for large urban areas and \$30 million for rural areas. The qualifying investment amount is reduced for areas with a lower tax base.

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