

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) given Texas' relatively high ad valorem taxes, it is difficult for the state to compete for new capital projects without temporarily limiting ad valorem taxes imposed on new capital investments;

(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;

(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 ad valorem 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.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. [3390](#)), Sec. 1, eff. January 1, 2014.

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

(1) encourage large-scale capital investments in this state;

- (2) create new, high-paying jobs in this state;
- (3) attract to this state large-scale businesses that are exploring opportunities to locate in other states or other countries;
- (4) enable state and local government officials and economic development professionals to compete with other states by authorizing economic development incentives that are comparable to incentives being offered to prospective employers by other states and to provide state and 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 tax base of this state; and
- (7) enhance this state's economic development efforts by providing state and local officials with an effective economic development tool.

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

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. [3390](#)), Sec. 1, eff. January 1, 2014.

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

- (1) economic development decisions involving school district taxes should occur at the local level with oversight by the state and should 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 provided by this chapter;
 - (B) an applicant for an ad valorem tax 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 tax imposed by

Chapter 171 to receive an ad valorem tax benefit provided by this chapter;

(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 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; and

(4) in implementing this chapter, the comptroller should:

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

(B) issue certificates for limitations on appraised value only for those applications for an ad valorem tax benefit provided by this chapter that:

(i) create high-paying jobs;

(ii) provide a net benefit to the state over the long term; and

(iii) advance the economic development goals of this state.

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

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. 3390), Sec. 1, eff. January 1, 2014.

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 and C expire December 31, 2022.

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

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 864 (H.B. 1470), Sec. 1, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. 1186 (H.B. 3676), Sec. 1, eff. June 19, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. 3390), Sec. 1, eff. January 1, 2014.

Sec. 313.009. CERTAIN ENTITIES INELIGIBLE. An entity that has been issued a registration number under Section 151.359 or Section 151.3595 is not eligible to receive a limitation on appraised value under this chapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1274 (H.B. 1223), Sec. 4, eff. September 1, 2013.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 412 (H.B. 2712), Sec. 3, eff. June 10, 2015.

Redesignated from Tax Code, Section 313.010 by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 21.001(47), eff. September 1, 2015.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. 1488), Sec. 17.002, eff. September 1, 2017.

Sec. 313.010. AUDIT OF AGREEMENTS BY STATE AUDITOR.

(a) Each year, the state auditor shall review at least three major agreements, as determined by the state auditor, under this chapter to determine whether:

(1) each agreement accomplishes the purposes of this chapter as expressed in Section 313.003;

(2) each agreement complies with the intent of the legislature in enacting this chapter as expressed in Section 313.004; and

(3) the terms of each agreement were executed in compliance with the terms of this chapter.

(b) As part of the review, the state auditor shall make recommendations relating to increasing the efficiency and effectiveness of the administration of this chapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. 3390), Sec. 2, eff. January 1, 2014.

SUBCHAPTER E. AVAILABILITY OF TAX CREDIT AFTER PROGRAM EXPIRES OR
IS REPEALED

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 repeal 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.

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

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1304 (H.B. [3390](#)), Sec. 19,
eff. January 1, 2014.