



CSHB 1556 BY MURPHY CHAPTER 313/Texas ECONOMIC DEVELOPMENT ACT EXTENSION AND REFORM

Chapter 313 is the most successful economic development tool in the state's toolbox. According to the Comptroller, the program is responsible for over **\$217 billion** in investment, with another **\$35 billion** set to come onto the tax rolls by 2028. It is because of this success that we must extend and strengthen this program.

School districts and the state receive immediate benefits as projects are fully taxable for debt service, partially taxable for maintenance and operations, and companies also make stabilization payments to schools.

THE NEW CSHB 1556 – THE AGREED-TO BILL

This language has been agreed to by industry and school stakeholders, representing the two necessary participants in any 313 agreement.

- Extends Chapter 313 for 10 years, creating a predictable environment for economic investment.
- Maintains current law regarding investment thresholds, taxable value, and full payment of debt service (I&S) taxes.
- Streamlines the application and reporting procedures, while preserving the Comptroller's "but-for" test and the requirement that the financial benefit to schools and the state exceed that of a project.
 - Preserves the role of schools in the application process with a flat \$50,000 application fee; and
 - Creates a new Comptroller certification fee of \$10,000.
- Keeps the jobs creation requirements in current law: 10 jobs for rural districts and strategic investment areas, and 25 jobs for all other projects.
- Provides eligibility for qualifying modernization projects, should the state and the school district see the agreement as an opportunity to help Texas retain jobs and create additional opportunities for the school district.
- Replaces supplemental and revenue protection payments with a new, simpler stabilization payment to school districts that is not to exceed 38% of the value of the total tax savings.
- Protects all existing Chapter 313 agreements finalized before the effective date of the bill.