

Nothing Has Changed, and Everything Has Changed

A 2024 UPDATE ON TEXAS PROPERTY TAX INCENTIVES

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NOTHING HAS CHANGED

CHAPTER 312 –
Tax Abatement
Agreements

CHAPTERS 380 & 381 –
Economic Development
Agreements

EVERYTHING HAS CHANGED

CHAPTER 313 –
Value Limitation
Agreements

CHAPTER 403 –
JETI Agreements

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CHAPTER 312: The Basics

Who?

- All local taxing units EXCEPT school districts
- Developers may pursue abatements from multiple local taxing units

What?

- Tax abatement (full or partial) for up to ten years
- If wind energy, cannot be located within five nautical miles of a military aviation facility

How long is the process?

- 30 – 90 days

CHAPTER 312: Prerequisites

Eligibility Resolution

- One-time act

Guidelines and Criteria

- Must be renewed every two years

Designation of a Reinvestment Zone

CHAPTER 312: Reinvestment Zones

Most developers seek a project-specific zone

Only municipalities, counties, and school districts may designate a reinvestment zone

Requires public meeting

- Seven-day newspaper notice
- Seven-day written notice to other taxing units

Expires after five years, but expiration does not affect active agreements

Reinvestment zones may not be amended

CHAPTER 312: Abatement Agreements

Type of property eligible for abatement:

- Real property owned by the Developer (increase in value only)
- Equipment and TPP installed on real property owned by the Developer
- Equipment and TPP installed on real property leased to the Developer

Property receiving the abatement must be described in the agreement

The agreement must include the percentage and length of abatement

- May require a PILOT

Other specific terms are required

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