

April 30, 2018

Subject: 2017–2018 Additional State Aid for Ad Valorem Tax Credits under Texas Economic Development Act

TO THE ADMINISTRATOR ADDRESSED:

If your district participates in an appraised value limitation agreement pursuant to the provisions of the Texas Economic Development Act (TEDA), as authorized by Chapter 313, Tax Code, your district may qualify for additional funding this year in accordance with Texas Education Code (TEC), §42.2515.

To qualify for a tax credit, a separate application must be submitted to the school district by the agreement holder after property taxes for the last complete year of the qualifying time period (QTP) are paid. The credit is for the maintenance and operations (M&O) taxes paid in excess of the limitation amount in each complete year of the QTP. **Tax credits are applicable only to applications determined to be complete by the Comptroller's Office (CPA) prior to 01/01/2014, which are designated by CPA as "3-digit" agreements because they have a 3-digit project number assigned to them.**

The purpose of this additional funding under TEC, §42.2515 is to provide state aid to school districts to make up for the ad valorem tax credit granted by school districts with eligible value limitation agreements. In order to receive additional aid from our office for the tax credit payment, a [Request for Additional State Aid for Ad Valorem Tax Credit 2017–2018](#), along with a completed Excel template, must be submitted to our office. The Excel template is located on the Additional State Aid for Ad Valorem Tax Credit webpage (a link to that webpage is provided in the last sentence of this paragraph).

Data from these documents will be used to compute the tax credit to which a school district is entitled to offset the ad valorem tax credit granted by the school district to a business entity under the provisions of the TEDA. The credit is for the M&O taxes paid on property value in excess of the limitation amount for each complete year of the qualifying time period.

The deadline for submitting a request is May 31 of each year for which the tax credit is due. Please refer to the following link for further information:
http://tea.texas.gov/Finance_and_Grants/State_Funding/Additional_Finance_Resources/Additional_State_Aid_for_Ad_Valorem_Tax_Credit/. If you have any questions, you can reach Nancy Kuhn by phone at (512) 463-6313 or by email at nancy.kuhn@tea.texas.gov.

Regards,

Al McKenzie
Director of State Funding

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