

By: Kuempel

H.B. No. 3267

A BILL TO BE ENTITLED

AN ACT

relating to a restriction on the use of money in the tax increment fund for a tax increment financing reinvestment zone created by certain home-rule municipalities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 311, Tax Code, is amended by adding Section 311.0088 to read as follows:

Sec. 311.0088. RESTRICTION ON USE OF TAX INCREMENT IN CERTAIN REINVESTMENT ZONES. (a) This section applies only to a development agreement, project plan, or reinvestment zone financing plan for a reinvestment zone designated by a home-rule municipality that includes property that:

(1) before 2003, was annexed by the municipality for limited purposes;

(2) was the subject of a petition for annexation signed by a majority of the owners of the property and filed with the municipality under former Section 43.028 or 43.052(h)(2), Local Government Code; and

(3) by ordinance adopted after September 1, 2005, was annexed by the municipality for full purposes.

(b) Notwithstanding any other provision of this chapter, a development agreement, project plan, or reinvestment zone financing plan for a reinvestment zone may not include a provision requiring money in the tax increment fund established for the

1 reinvestment zone to be paid to the municipality that designated  
2 the zone to:

3 (1) pay the costs of services that will be provided in  
4 the zone by the municipality; or

5 (2) reimburse the municipality for the costs of  
6 services that were previously provided in the zone by the  
7 municipality.

8 (c) If a development agreement, project plan, or  
9 reinvestment zone financing plan contains a provision that  
10 conflicts with this section, the provision is void and the  
11 remaining provisions of the agreement, project plan, or  
12 reinvestment zone financing plan are enforceable.

13 (d) A municipality that received a disbursement from a tax  
14 increment fund under a provision of a development agreement,  
15 project plan, or reinvestment zone financing plan that violates  
16 this section shall reimburse the fund in the amount of the  
17 disbursement received by the municipality.

18 (e) A party to a development agreement, project plan, or  
19 reinvestment zone financing plan may file an action in the district  
20 court of the county in which the development agreement, project  
21 plan, or reinvestment zone financing plan is performable to have a  
22 provision of the agreement or plan that violates this section  
23 declared void and to enforce the remaining provisions of the  
24 agreement or plan by mandamus or injunctive relief. A party who  
25 prevails in an action under this subsection shall be awarded  
26 reasonable attorney's fees and court costs. Sovereign immunity to  
27 suit and liability is waived and abolished to the extent of

1 liability created by this subsection.

2 SECTION 2. Section 311.0088, Tax Code, as added by this Act,  
3 applies to a development agreement, project plan, or reinvestment  
4 zone financing plan to which that section applies regardless of the  
5 date on which the agreement or plan was approved or adopted by the  
6 parties to the agreement or plan.

7 SECTION 3. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2021.